

**HURON COUNTY
BAD AXE, MICHIGAN**

**FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of Huron County
Bad Axe, Michigan

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Huron County, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Huron County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following funds and component units included in the basic financial statements of Huron County.

<u>Funds/Component Units</u>	<u>Classification</u>	<u>Percentage of Government-wide Total Revenues and Other Sources</u>	<u>Percentage of Government-wide Total Assets</u>
Primary government:			
Airport and Parks Funds	Governmental activities	8.75%	30.47%
Huron Transit Funds	Business type activities	13.68%	9.81%
Discretely presented:			
Road Commission	Component units	65.96%	60.51%
Drain Funds	Component units	12.52%	30.32%

The financial statements for these funds and component units were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Huron County, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued a report dated June 10, 2008, on our consideration of Huron County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards**, and should be read in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10, schedule of funding progress and budgetary comparison on pages 62 through 71 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huron County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and bond schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hyzer, Hall, Kuzale & Co. P.C.

Certified Public Accountants

June 10, 2008

As management of the County of Huron, Michigan, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and footnotes.

Financial Highlights

- The assets of the County exceeded its liabilities by \$37,863,083 at December 31, 2007. This includes \$20,488,752 which may be used to meet the County's ongoing obligations to citizens and creditors. The total net assets increased by approximately \$1,600,549.
- The general fund experienced a surplus of \$147,223 for the year.
- The County's total debt decreased by \$340,962 during 2007.
- The Board of Commissioner's adopted the General Fund's 2008 budget. The budget was balanced with no appropriation from fund balance.

Overview of the Financial Statements

The County's basic financial statements are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, economic development and recreation and cultural. The business type activities of the County include the Medical Care Facility, Sheriff's Commissary, Huron Transit and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only the County itself (known as the primary government) but also the following legally separate entities for which the County is financially accountable: Road Commission, Drain Commission, Department of Public Works and Economic Development Corporation. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 11 - 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds are reported using the modified accrual method of accounting. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance for the General Fund, Health Department Fund, Primary Road Fund, Revenue Reserve Fund, and Parks Fund all of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual budget for its General and Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 - 19 of this report.

Proprietary funds. Proprietary funds use the accrual basis of accounting, which is the same basis used by the private sector. The County maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The County uses enterprise funds to account for the activities of the Medical Care Facility, Huron Transit, Delinquent Tax Revolving, and Sheriff's Commissary funds.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its various employee benefits and risk programs.

Because these services predominately benefit governmental rather than business type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary financial statements provide separate information for the Medical Care Facility, Huron Transit and Delinquent Tax Revolving Fund, all of which are considered to be major funds of the County. Individual fund data for the one nonmajor Enterprise Fund is provided in the form of combining statements elsewhere in this report. The County's two Internal Service Funds are presented in the proprietary fund financial statements in the Governmental Activities Internal Service Fund column.

The basic proprietary fund financial statements can be found on pages 20 - 25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The largest of the Fiduciary Funds is the Trust and Agency Fund. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 61 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and the budgetary information for the four major governmental funds. This required supplementary information can be found on pages 62 - 71 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, enterprise and fiduciary funds are presented immediately following the required supplementary information. Combining, individual fund statements and schedules can be found on pages 72 - 155 on this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$37,863,083 at December 31, 2007.

Approximately 54% of the County's net assets are unrestricted and available for future obligations. The next largest portion of net assets (45%) represents our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (approximately 1%) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors.

Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and other assets	\$ 15,229,443	\$ 14,401,279	\$ 13,667,969	\$ 13,560,597	\$ 28,897,412	\$ 27,961,876
Capital assets, net of accumulated depreciation	12,488,103	12,402,452	5,597,086	5,103,411	18,085,189	17,505,863
Total assets	27,717,546	26,803,731	19,265,055	18,664,008	46,982,601	45,467,739
Liabilities:						
Current liabilities	5,552,216	5,201,471	1,889,673	1,988,947	7,441,889	7,190,418
Other liabilities	1,475,344	1,617,689	202,285	397,098	1,677,629	2,014,787
Total liabilities	7,027,560	6,819,160	2,091,958	2,386,045	9,119,518	9,205,205
Net assets:						
Investment in capital assets net of related liabilities	11,778,418	11,543,542	5,199,987	4,514,575	16,978,405	16,058,117
Restricted	25,200	25,200	370,726	390,154	395,926	415,354
Unrestricted	8,886,368	8,415,829	11,602,384	11,373,234	20,488,752	19,789,063
Total net assets	\$ 20,689,986	\$ 19,984,571	\$ 17,173,097	\$ 16,277,963	\$ 37,863,083	\$ 36,262,534

Management's Discussion and Analysis
December 31, 2007
(Continued)

The following condensed financial information was derived from the Government-wide Statement of Activities and reflects how the County's net assets changed during the year.

Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues						
Charges for services	\$ 5,876,530	\$ 5,617,610	\$ 8,327,451	\$ 8,309,420	\$ 14,203,981	\$ 13,927,030
Grants and contributions	3,283,917	3,096,419	833,129	1,050,206	4,117,046	4,146,625
General revenues						
Property taxes	8,805,640	10,040,588	1,027,660	978,141	9,833,300	11,018,729
Intergovernmental revenues	164,422	157,114	188,968	398,144	353,390	555,258
Investment earnings	520,135	427,724	492,240	428,119	1,012,375	855,843
Other revenues	72,434	68,513	606,795	643,115	679,229	711,628
Total revenues	18,723,078	19,407,968	11,476,243	11,807,145	30,199,321	31,215,113
Expenses:						
Legislative	304,601	267,282	-	-	304,601	267,282
Judicial	1,958,610	1,898,515	-	-	1,958,610	1,898,515
General governmental	2,630,561	2,665,622	-	-	2,630,561	2,665,622
Public safety	4,705,105	4,601,911	-	-	4,705,105	4,601,911
Public works	560,406	547,262	-	-	560,406	547,262
Health and welfare	4,556,609	3,859,939	-	-	4,556,609	3,859,939
Economic development	260,207	141,293	-	-	260,207	141,293
Recreation and cultural	1,106,844	1,238,735	-	-	1,106,844	1,238,735
Other activities	2,225,368	2,106,763	-	-	2,225,368	2,106,763
Interest on debt service	28,054	32,562	-	-	28,054	32,562
Medical care facility	-	-	8,312,173	7,990,438	8,312,173	7,990,438
Huron transit	-	-	1,777,453	1,820,843	1,777,453	1,820,843
Delinquent tax revolving	-	-	106,688	116,001	106,688	116,001
Commissary	-	-	40,084	28,099	40,084	28,099
Total expenses	18,336,365	17,359,884	10,236,398	9,955,381	28,572,763	27,315,265
Increase in net assets before transfers	386,713	2,048,084	1,239,845	1,851,764	1,626,558	3,899,848
Transfers	318,702	321,160	(344,711)	(320,381)	(26,009)	779
Increase in net assets	705,415	2,369,244	895,134	1,531,383	1,600,549	3,900,627
Net assets, beginning of year	19,984,571	17,615,327	16,277,963	14,746,580	36,262,534	32,361,907
Net assets, end of year	<u>\$ 20,689,986</u>	<u>\$ 19,984,571</u>	<u>\$ 17,173,097</u>	<u>\$ 16,277,963</u>	<u>\$ 37,863,083</u>	<u>\$ 36,262,534</u>

Governmental activities. Governmental activities increased the County's net assets by \$705,415, accounting for 44% of the total growth in the net assets of the County. In 2006, governmental activities had higher property tax revenues due to the effects of the final year of the State mandated shift in property tax revenues to the summer tax period. Expenses of governmental activities were higher in 2007 primarily due to higher health fund and child care spending.

Business type activities. Business type activities increased the County's net assets by \$895,134. Key elements of the current year increase are as follows:

- Medical Care Facility net assets increased by \$780,142 which compares to a gain of \$1,227,837 in 2006. Major changes from 2006 were increased personal services of \$240,000 and decreased State Aid of \$210,000.
- Delinquent Tax Revolving Funds experienced an increase in net assets of \$321,501, as compared to an increase of \$313,688 in 2006.
- Huron Transit Funds experienced a reduction in net assets of \$253,548 due to lower intergovernmental revenues for capital items.

Financial Analysis of the County's Funds

As noted earlier, the Huron County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2007, the County's governmental funds reported combined ending fund balances of \$8,864,141, an increase of \$458,549 in comparison with the prior year. Of the fund balance amount, \$7,292,171 constitutes unreserved fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At December 31, 2007, unreserved fund balance of the general fund was \$1,329,770, while total fund balance was \$1,546,770. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 11% of total general fund expenditures and transfers out.

The fund balance of the General Fund increased by \$147,223 as compared to an increase of \$470,361 in 2006. Revenues increased by \$615,000, due primarily to higher property taxes. Although expenditures remained unchanged from 2006 levels, the General fund increased its transfers to the retiree health fund by \$500,000 and child care fund transfers by \$275,000.

The Revenue Sharing Reserve Fund has a fund balance of \$3,607,647 which represents a reduction of \$589,257 from 2006 levels. The General fund will draw down this fund in amounts of approximately \$800,000 annually until it is exhausted in year 2012.

The Parks Fund fund balances increased by \$99,532 while Primary Road and Health Fund fund balances experienced minor changes.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Medical Care Facility decreased by \$211,954, Huron Transit Funds increased by \$53,136, and the Delinquent Tax Revolving Funds had an increase in unrestricted net assets of \$340,929.

Internal service funds experienced an increase in net assets of \$105,992 due to favorable claims expense in the workers' compensation and fringe benefit funds.

General fund budgetary highlights

Changes to original budget

Major changes from the original budget included increased revenues from charges for services of \$292,000 due to additional revenues from the Sheriff department, district court and from the planning commission. Interest revenues were increased by \$ 90,000 due to higher than expected interest rates. Expenditure budgets were not

changed significantly; however, budgeted transfers to other funds were increased by \$ 624,000 to reflect additional appropriations of \$ 300,000 to the retiree health fund, \$ 215,000 to the Child Care Fund, and \$ 94,000 to the Health Fund.

Overall budget to actual comparison

There were no significant variances between budgeted and actual amounts.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its government activities at December 31, 2007 amounted to \$12,488,103 for governmental activities and \$5,597,086 for business type activities (both net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, land improvements, machinery and equipment, vehicles and infrastructure (e.g., roads, drains, etc.).

Major capital asset improvements during the current fiscal year included the following:

- Renovations to the Medical Care Facility totaled \$1,207,775.

Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land and improvements	\$ 4,569,319	\$ 4,102,152	\$ 17,500	\$ 17,500	\$ 4,586,819	\$ 4,119,652
Construction in progress	-	-	97,070	303,613	97,070	303,613
Buildings and improvements	6,133,004	6,374,499	4,699,536	3,814,525	10,832,540	10,189,024
Improvements other than buildings	1,290,927	1,375,334	-	-	1,290,927	1,375,334
Equipment and vehicles	494,853	550,467	782,980	967,773	1,277,833	1,518,240
Total capital assets	\$ 12,488,103	\$ 12,402,452	\$ 5,597,086	\$ 5,103,411	\$ 18,085,189	\$ 17,505,863

Long-term debt. At the end of the current fiscal year, the County had total bonded debt and notes outstanding of \$1,106,784. This entire amount comprises debt backed by the full faith and credit of the County with the exception of the installment notes.

Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Municipal purchase notes	\$ 645,000	\$ 795,000	\$ 397,099	\$ 588,836	\$ 1,042,099	\$ 1,383,836
tax notes						
Installment loans and lease purchases	64,685	63,910	-	-	64,685	63,910
Total outstanding debt	\$ 709,685	\$ 858,910	\$ 397,099	\$ 588,836	\$ 1,106,784	\$ 1,447,746

The County's total debt decreased by \$340,962 (24%) during the current fiscal year.

There was no new significant debt issued in 2007.

The County has an "A" rating for general obligation bonds and tax notes from Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental unit may issue to 10% of its total assessed valuation (State Equalized Value). The County's current debt limitation is \$212,369,370 which is significantly in excess of the County's outstanding general obligation debt.

Additional information regarding the County's long-term debt can be found in note H on Pages 49 - 55 of this report.

Economic Factors, Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2008 fiscal year:

- Continued uncertainty over the State budget situation may result in lower State funding of County programs.
- Property tax revenues have been budgeted at \$7,048,000 which represents an increase of \$268,000 over 2007 due to taxable value increases.
- Health costs will continue to increase at rates in excess of inflation.
- The County Commissioners have initiated a program to fund retiree health care costs in a timely fashion. Actuarial studies are being updated to assess future funding requirements.
- The 2008 budget anticipates no requirement to use available fund balance.
- The Revenue Sharing Reserve Fund was established by the State in order to replace State Revenue Sharing payments to Counties. This fund will be depleted in 2012.
- Beginning in 2008, Huron County will be subject to the new Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Huron County Treasurer's Office at 250 East Huron, Bad Axe, MI 48413.

BASIC FINANCIAL STATEMENTS



Statement of Net Assets
December 31, 2007

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents	\$ 5,628,225	\$ 3,672,631	\$ 9,300,856	\$ 8,850,123
Investments	5,649,471	5,834,586	11,484,057	-
Receivables (net of allowance)	3,886,008	3,637,866	7,523,874	24,018,398
Internal balances	(281,447)	317,200	35,753	-
Due from primary government	-	-	-	542,208
Inventory	7,210	47,052	54,262	800,362
Advances	21,765	-	21,765	-
Prepaid expenditures	101,211	158,634	259,845	30,669
Advance to component units	217,000	-	217,000	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	4,569,319	114,570	4,683,889	13,147,679
Assets being depreciated	7,918,784	5,482,516	13,401,300	71,346,998
 Total assets	<u>\$ 27,717,546</u>	<u>\$ 19,265,055</u>	<u>\$ 46,982,601</u>	<u>\$ 118,736,437</u>
LIABILITIES:				
Payables and accrued liabilities	\$ 1,230,226	\$ 873,467	\$ 2,103,693	\$ 520,624
Accrued interest	10,874	-	10,874	122,515
Due to fiduciary funds	776,627	-	776,627	-
Due to component units	542,208	-	542,208	-
Advances from primary government	-	-	-	217,000
Deferred revenue	2,797,393	821,392	3,618,785	3,425,223
Non-current liabilities				
Advance from State	-	-	-	324,245
Due within one year	194,888	194,814	389,702	2,533,597
Due in more than one year	1,475,344	202,285	1,677,629	20,100,877
Deferred revenue	-	-	-	7,745,775
 Total liabilities	7,027,560	2,091,958	9,119,518	34,989,856
NET ASSETS:				
Investment in capital assets, net of related liabilities	11,778,418	5,199,987	16,978,405	72,737,896
Net assets				
Restricted				
Capital projects	25,200	-	25,200	452,695
Debt service	-	-	-	167
Foreclosure	-	358,555	358,555	-
Tax administration	-	12,171	12,171	-
Unrestricted	8,886,368	11,602,384	20,488,752	10,555,823
 Total net assets	<u>\$ 20,689,986</u>	<u>\$ 17,173,097</u>	<u>\$ 37,863,083</u>	<u>\$ 83,746,581</u>

The accompanying notes are an integral part of these financial statements.

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants
Primary government:				
Governmental activities:				
Legislative	\$ 304,601	\$ -	\$ -	\$ -
Judicial	1,958,610	577,642	694,325	-
General government	2,630,561	976,600	137,921	-
Public safety	4,705,105	2,095,982	217,581	-
Public works	560,406	10,192	453,101	-
Health and welfare	4,556,609	1,161,374	1,608,536	-
Economic development	260,207	2	145,407	-
Recreation and cultural	1,106,844	1,054,738	27,046	-
Other	2,225,368	-	-	-
Interest on long term debt	28,054	-	-	-
Total governmental activities	18,336,365	5,876,530	3,283,917	-
Business type activities:				
Medical care facility	8,312,173	7,930,056	-	-
Huron transit	1,777,453	353,858	753,129	80,000
Delinquent tax revolving	106,688	-	-	-
Commissary	40,084	43,537	-	-
Total business type activities	10,236,398	8,327,451	753,129	80,000
Total primary government	\$ 28,572,763	\$ 14,203,981	\$ 4,037,046	\$ 80,000
Component units:				
Road commission	\$ 11,520,637	\$ 5,977,602	\$ 5,012,596	\$ 2,209,058
Department of public works	4,260,163	4,514,368	-	-
Economic development corporation	198,859	67,324	15,695	-
Drain commission	1,719,638	-	-	2,414,147
Total component units	\$ 17,699,297	\$ 10,559,294	\$ 5,028,291	\$ 4,623,205
General revenues:				
Taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Interest and penalties on delinquent taxes				
Miscellaneous revenues				
Gain on sale of capital assets				
Transfers				
Total general revenues, transfers and special items				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

Statement of Activities
For the Year Ended December 31, 2007

Net (Expense) Revenue and Change in Net Assets			
Governmental Activities	Primary Government		Component Units
	Business Type Activities	Total	
\$ (304,601)	\$ -	\$ (304,601)	\$ -
(686,643)	-	(686,643)	-
(1,516,040)	-	(1,516,040)	-
(2,391,542)	-	(2,391,542)	-
(97,113)	-	(97,113)	-
(1,786,699)	-	(1,786,699)	-
(114,798)	-	(114,798)	-
(25,060)	-	(25,060)	-
(2,225,368)	-	(2,225,368)	-
(28,054)	-	(28,054)	-
(9,175,918)	-	(9,175,918)	-
-	(382,117)	(382,117)	-
-	(590,466)	(590,466)	-
-	(106,688)	(106,688)	-
-	3,453	3,453	-
-	(1,075,818)	(1,075,818)	-
(9,175,918)	(1,075,818)	(10,251,736)	-
-	-	-	1,678,619
-	-	-	254,205
-	-	-	(115,840)
-	-	-	694,509
-	-	-	2,511,493
8,805,640	1,027,660	9,833,300	1,166,946
164,422	188,968	353,390	105,800
520,135	492,240	1,012,375	328,454
-	600,337	600,337	-
65,574	6,458	72,032	32,112
6,860	-	6,860	122,514
318,702	(344,711)	(26,009)	-
9,881,333	1,970,952	11,852,285	1,755,826
705,415	895,134	1,600,549	4,267,319
19,984,571	16,277,963	36,262,534	79,479,262
<u>\$ 20,689,986</u>	<u>\$ 17,173,097</u>	<u>\$ 37,863,083</u>	<u>\$ 83,746,581</u>

The accompanying notes are an integral part of these financial statements.

Huron County, Michigan

	<u>General</u>	<u>Health Department</u>	<u>Primary Road</u>
ASSETS			
Cash and cash equivalents	\$ 2,866,490	\$ 180,167	\$ 5,700
Investments	1,786,135	310,217	
Receivables			
Property taxes	425,172	-	1,602,356
Accounts and interest	118,150	131,372	-
Due from other funds	-	43,571	-
Due from other governmental units	863,418	-	-
Inventory	-	-	-
Advance to component units	217,000	-	-
Advances	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,276,365</u>	<u>\$ 665,327</u>	<u>\$ 1,608,056</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 160,381	\$ 146,060	\$ -
Accrued liabilities	138,784	-	-
Due to other funds	3,690,215	-	-
Due to component units	-	-	-
Due to other governmental units	-	-	-
Deferred revenue	740,215	-	1,602,359
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	4,729,595	146,060	1,602,359
Fund balances:			
Reserved			
Long-term advance	217,000	-	-
Unreserved			
General fund	1,329,770	-	-
Other funds - designated	-	-	-
Other funds - undesignated	-	519,267	5,697
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,546,770</u>	<u>519,267</u>	<u>5,697</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 6,276,365</u>	<u>\$ 665,327</u>	<u>\$ 1,608,056</u>

The accompanying notes are an integral part of these financial statements.

**Governmental Funds
Balance Sheet
December 31, 2007**

<u>Revenue Reserve</u>	<u>Parks</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 729,339	\$ 562,325	\$ 1,284,204	\$ 5,628,225
2,815,271	-	737,848	5,649,471
-	-	447,174	2,474,702
62,202	3,524	196,897	512,145
835	96,021	1,032,881	1,173,308
-	4,362	31,381	899,161
-	7,210	-	7,210
-	-	-	217,000
-	-	21,765	21,765
<u>\$ 3,607,647</u>	<u>\$ 673,442</u>	<u>\$ 3,752,150</u>	<u>\$ 16,582,987</u>
\$ -	\$ -	\$ 138,221	\$ 444,662
-	-	20,909	159,693
-	-	-	3,690,215
-	466,415	75,793	542,208
-	-	29,000	29,000
-	-	510,494	2,853,068
-	466,415	774,417	7,718,846
-	-	-	217,000
-	-	-	1,329,770
-	25,200	-	25,200
<u>3,607,647</u>	<u>181,827</u>	<u>2,977,733</u>	<u>7,292,171</u>
<u>3,607,647</u>	<u>207,027</u>	<u>2,977,733</u>	<u>8,864,141</u>
<u>\$ 3,607,647</u>	<u>\$ 673,442</u>	<u>\$ 3,752,150</u>	<u>\$ 16,582,987</u>

The accompanying notes are an integral part of these financial statements.

Huron County, Michigan**Reconciliation of Fund Balance on the Balance Sheet for
Governmental Funds to Net Assets of Governmental Activities
on the Statement of Net Assets
December 31, 2007**

Fund balance, total governmental funds		\$ 8,864,141
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	21,810,649	
Accumulated depreciation	<u>(9,322,546)</u>	12,488,103
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Revolving fund loans	63,145	
Other	<u>66,209</u>	129,354
Internal Service Fund used by management to charge the cost of property, liability, health, disability, workers compensation and life insurance expenses and claims. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		889,494
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(645,000)	
Notes payable	(64,685)	
Accrued interest on bonds/notes payable	(10,874)	
Accrued compensated absence	<u>(960,547)</u>	<u>(1,681,106)</u>
Net assets, governmental activities		<u>\$ 20,689,986</u>

The accompanying notes are an integral part of these financial statements.

Huron County, Michigan

	General	Health Department	Primary Roads
Revenues:			
Taxes	\$ 6,898,283	\$ -	\$ 1,491,204
Licenses and permits	54,146	172,099	-
Federal grants	320,968	1,097,496	-
State grants	889,734	197,650	-
Charges for services	1,998,732	861,196	-
Fines and forfeitures	106,354	-	-
Interest	233,482	-	23,142
Rents	291,723	-	-
Other	101,456	42,866	-
Total revenues	10,894,878	2,371,307	1,514,346
Expenditures:			
Legislative	268,390	-	-
Judicial	1,607,289	-	-
General government	2,307,203	-	-
Public safety	2,924,241	-	-
Public works	356,131	-	-
Health and welfare	282,875	2,739,970	-
Economic development	105,800	-	-
Recreation and cultural	65,385	-	-
Other	1,415,698	-	1,510,345
Debt service			
Principal	150,000	-	-
Interest and fees	28,972	-	-
Total expenditures	9,511,984	2,739,970	1,510,345
Excess of revenues over (under) expenditures	1,382,894	(368,663)	4,001
Other financing sources (uses):			
Operating transfers in	1,068,374	350,288	-
Operating transfers out	(2,304,045)	-	-
Total other financing sources (uses)	(1,235,671)	350,288	-
Net change in fund balance	147,223	(18,375)	4,001
Fund balance, beginning of year	1,399,547	537,642	1,696
Fund balance, end of year	\$ 1,546,770	\$ 519,267	\$ 5,697

The accompanying notes are an integral part of these financial statements.

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2007

Revenue Reserve	Parks	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 416,153	\$ 8,805,640
-	-	407,773	634,018
-	-	516,954	1,935,418
-	27,046	395,494	1,509,924
-	-	917,626	3,777,554
-	-	6,026	112,380
134,406	7,884	87,572	486,486
-	1,048,389	6,708	1,346,820
-	6,349	138,041	288,712
<u>134,406</u>	<u>1,089,668</u>	<u>2,892,347</u>	<u>18,896,952</u>
-	-	-	268,390
-	-	47,758	1,655,047
-	-	82,228	2,389,431
-	-	1,132,630	4,056,871
-	-	565,900	922,031
-	-	1,561,426	4,584,271
-	-	154,407	260,207
-	990,136	-	1,055,521
-	-	458,598	3,384,641
-	-	1,573	151,573
-	-	150	29,122
<u>-</u>	<u>990,136</u>	<u>4,004,670</u>	<u>18,757,105</u>
134,406	99,532	(1,112,323)	139,847
-	-	2,039,029	3,457,691
(723,663)	-	(111,281)	(3,138,989)
<u>(723,663)</u>	<u>-</u>	<u>1,927,748</u>	<u>318,702</u>
(589,257)	99,532	815,425	458,549
<u>4,196,904</u>	<u>107,495</u>	<u>2,162,308</u>	<u>8,405,592</u>
<u>\$ 3,607,647</u>	<u>\$ 207,027</u>	<u>\$ 2,977,733</u>	<u>\$ 8,864,141</u>

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Statement of Revenues
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
December 31, 2007

Net change in fund balances, total governmental funds		\$ 458,549
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	668,440	
Depreciation expense	<u>(582,789)</u>	85,651
Revenues in the statement of activities that does not provide current financial resources are not reported as revenue in the funds.		(37,378)
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt reduces the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments on long term liabilities, net of new debt		149,225
<p>Internal service funds used by management to charge costs of property, liability, health, disability, workers compensation and life insurance expenses and claims. The net revenues (expenses) attributable to those funds is reported with governmental activities.</p>		
		62,406
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Decrease in accrued interest payable	1,068	
Increase in accrued compensated absences	<u>(14,106)</u>	<u>(13,038)</u>
Change in net assets, governmental activities		<u>\$ 705,415</u>

Proprietary Funds
Statement of Net Assets
December 31, 2007

	Business Type Activities-Enterprise Funds					Governmental Activities
	Medical Care Facility	Huron Transit	Delinquent Tax Revolving	Other Proprietary Fund	Total	Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 748,910	\$ 872,019	\$ 1,955,424	\$ -	\$ 3,576,353	\$ -
Investments	4,237,094	-	1,597,492	-	5,834,586	-
Accounts receivable						
Property taxes	710,280	-	1,360,740	-	2,071,020	-
Accounts and interest	1,153,915	27,396	43,604	-	1,224,915	-
Due from other funds	77,513	-	1,352	24,121	102,986	1,673,047
Due from other governmental units	-	50,796	24,817	-	75,613	-
Inventories	46,042	1,010	-	-	47,052	-
Prepaid expenses	130,938	27,696	-	-	158,634	101,211
Total current assets	7,104,692	978,917	4,983,429	24,121	13,091,159	1,774,258
Non-current assets:						
Cash and cash equivalents	96,278	-	-	-	96,278	-
Delinquent taxes	-	-	266,318	-	266,318	-
Total non-current assets	96,278	-	266,318	-	362,596	-
Property, plant and equipment:						
Property, plant and equipment	9,610,701	3,997,949	-	-	13,608,650	-
Less accumulated depreciation	(4,924,465)	(3,087,099)	-	-	(8,011,564)	-
Total property, plant and equipment (net of accumulated depreciation)	4,686,236	910,850	-	-	5,597,086	-
Total assets	11,887,206	1,889,767	5,249,747	24,121	19,050,841	1,774,258
Liabilities:						
Current liabilities:						
Accounts payable	755,964	78,129	677	430	835,200	596,871
Due to other governmental units	30,923	-	7,344	-	38,267	-
Deferred revenue	710,280	111,112	-	-	821,392	73,679
General obligation bonds, current portion	194,814	-	-	-	194,814	-
Total current liabilities	1,691,981	189,241	8,021	430	1,889,673	670,550
Long-term liabilities (less current portions):						
General obligation bonds	202,285	-	-	-	202,285	-
Total liabilities	1,894,266	189,241	8,021	430	2,091,958	670,550
Net assets:						
Investment in capital assets, net	4,289,137	910,850	-	-	5,199,987	-
Restricted						
Foreclosure	-	-	358,555	-	358,555	-
Tax administration	-	-	12,171	-	12,171	-
Unrestricted	5,703,803	789,676	4,871,000	23,691	11,388,170	1,103,708
Total net assets	\$ 9,992,940	\$ 1,700,526	\$ 5,241,726	\$ 23,691	\$ 16,958,883	\$ 1,103,708

The accompanying notes are an integral part of these financial statements.

**Reconciliation of Net Assets on the Statement of Net Assets for
Proprietary Funds to Net Assets of Business Type Activities
on the Statement of Net Assets
December 31, 2007**

Fund balances, business type activities	\$ 16,958,883
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the net revenue (expense) of the internal service funds is reported with business type activities.	<u>214,214</u>
Net assets, business type activities	<u><u>\$ 17,173,097</u></u>

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2007

	Business Type Activities-Enterprise Funds				Governmental Activities
	Medical Care Facility	Huron Transit	Delinquent Tax Revolving	Other Proprietary Fund	Internal Service Fund
Operating revenues:					
Federal grants	\$ -	\$ 229,526	\$ -	\$ -	\$ 229,526
State grants	-	523,603	-	-	523,603
Charges for services	7,930,056	353,858	600,337	43,537	8,927,788
Other	-	1,464	4,994	-	6,458
Total operating revenues	7,930,056	1,108,451	605,331	43,537	9,687,375
Operating expenses:					
Personal services	5,999,848	943,324	47,195	-	6,990,367
Contractual services	523,122	31,728	-	-	554,850
Supplies	713,480	272,231	11,200	40,084	1,036,995
Utilities	708,093	37,831	-	-	745,924
Depreciation	232,970	388,926	-	-	621,896
Other services and charges	150,896	103,413	48,293	-	302,602
Total operating expenses	8,328,409	1,777,453	106,688	40,084	10,252,634
Operating income (loss)	(398,353)	(669,002)	498,643	3,453	(565,259)
Non-operating revenues (expenses):					
Taxes	730,335	297,325	-	-	1,027,660
State aid	188,968	-	-	-	188,968
Gain on sale of capital assets	-	-	-	-	-
Interest	286,542	38,129	167,569	-	492,240
Interest expense and fees	(27,350)	-	-	-	(27,350)
Total non-operating revenues (expenses)	1,178,495	335,454	167,569	-	1,681,518
Net income (loss) before operating transfers and capital grants	780,142	(333,548)	666,212	3,453	1,116,259
Operating transfers out	-	-	(344,711)	-	(344,711)
Capital grants	-	80,000	-	-	80,000
Net income (loss)	780,142	(253,548)	321,501	3,453	851,548
Net assets, beginning of year	9,212,798	1,954,074	4,920,225	20,238	16,107,335
Net assets, end of year	\$ 9,992,940	\$ 1,700,526	\$ 5,241,726	\$ 23,691	\$ 16,958,883
					\$ 1,103,708

The accompanying notes are an integral part of these financial statements.

**Reconciliation of the Statement of Revenues, Expenses
and Changes in Net Assets of Proprietary Funds
to the Statement of Activities
December 31, 2007**

Net change in fund balances, business type activities	\$ 851,548
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the net revenue (expense) of the internal service funds is reported with business type activities.	<u>43,586</u>
Change in net assets, business type activities	<u>\$ 895,134</u>

Proprietary Funds
Statement of Cash Flows
December 31, 2007

	Business Type Activities-Enterprise Funds					Governmental Activities
	Medical Care Facility	Huron Transit	Delinquent Tax Revolving	Other Proprietary Fund	Total	Internal Service Fund
Cash flows from operating activities:						
Cash receipts from customers	\$ 7,720,039	\$ 1,162,653	\$ 4,227,317	\$ 43,537	\$ 13,153,546	\$ 2,161,712
Cash payments to employees	(5,999,848)	(648,656)	-	-	(6,648,504)	-
Cash payments to suppliers	(2,172,467)	(774,169)	(101,740)	(40,013)	(3,088,389)	(2,195,361)
Cash payments for delinquent taxes	-	-	(3,686,524)	-	(3,686,524)	-
Internal activity	-	-	-	(3,524)	(3,524)	-
Net cash provided (used) by operating activities	(452,276)	(260,172)	439,053	-	(273,395)	(33,649)
Cash flows from noncapital financing activities:						
State aid received	188,968	-	-	-	188,968	-
Property taxes	730,335	297,325	-	-	1,027,660	-
Interfund borrowings - net	-	-	(1,316)	-	(1,316)	-
Operating transfers out	-	-	(344,711)	-	(344,711)	-
Net cash provided (used) by noncapital financing activities	919,303	297,325	(346,027)	-	870,601	-
Cash flows from capital and related financing activities:						
Capital grants received	-	80,000	-	-	80,000	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Acquisition and construction of capital asset	(1,033,329)	(82,242)	-	-	(1,115,571)	-
Principal paid on capital debt and leases	(200,000)	-	-	-	(200,000)	-
Interest expense on capital debt and leases	(19,088)	-	-	-	(19,088)	-
Net cash provided (used) by capital and related financing activities	(1,252,417)	(2,242)	-	-	(1,254,659)	-
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	211,459	-	1,956,320	-	2,167,779	-
Investment income	208,599	38,129	167,569	-	414,297	33,649
Purchases of investments	(2,805,347)	-	(1,747,492)	-	(4,552,839)	-
Net cash provided (used) by investing activities	(2,385,289)	38,129	376,397	-	(1,970,763)	33,649
Net increase (decrease) in cash & cash equivalents	(3,170,679)	73,040	469,423	-	(2,628,216)	-
Cash and cash equivalents, beginning of year	4,015,867	798,979	1,486,001	-	6,300,847	-
Cash and cash equivalents, end of year	\$ 845,188	\$ 872,019	\$ 1,955,424	\$ -	\$ 3,672,631	\$ -

The accompanying notes are an integral part of these financial statements.

Proprietary Funds
Statement of Cash Flows
December 31, 2007
(Continued)

	Business Type Activities-Enterprise Funds					Governmental Activities
	Medical Care Facility	Huron Transit	Delinquent Tax Revolving	Other Proprietary Fund	Total	Internal Service Fund
Reconciliation of net income to net cash provided (used) by operating activities:						
Operating income (loss) for the year	\$ (398,353)	\$ (669,002)	\$ 498,643	\$ 3,453	\$ (565,259)	\$ 72,343
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	232,970	388,926	-	-	621,896	-
Change in assets and liabilities:						
Receivables	(210,017)	54,202	(1,053,910)	-	(1,209,725)	(284,736)
Inventories	(3,105)	6,254	-	-	3,149	-
Prepaid expenses	(46,463)	(206)	-	-	(46,669)	84,841
Due from other governmental units	-	-	(7,210)	-	(7,210)	-
Due from other funds	107,821	-	-	(3,524)	104,297	-
Delinquent taxes	-	-	996,582	-	996,582	-
Accounts payable	(136,562)	(40,346)	147	71	(176,690)	113,743
Deferred revenue	-	-	-	-	-	(19,840)
Due to other governmental units	1,433	-	4,801	-	6,234	-
Net cash provided (used) by operating activities	<u>\$ (452,276)</u>	<u>\$ (260,172)</u>	<u>\$ 439,053</u>	<u>\$ -</u>	<u>\$ (273,395)</u>	<u>\$ (33,649)</u>

**Agency Funds
Statement of Fiduciary Net Assets
December 31, 2007**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 306,206
Due from other funds	<u>776,627</u>
Total assets	<u><u>\$ 1,082,833</u></u>
Liabilities:	
Accounts payable	\$ 81,507
Undistributed tax collections	690,111
Due to other governmental units	<u>311,215</u>
Total liabilities	<u><u>\$ 1,082,833</u></u>

The accompanying notes are an integral part of these financial statements.

**DISCRETELY PRESENTED
COMPONENT UNITS**

Huron County, Michigan

	Road Commission	Department of Public Works	Economic Development Corporation
Assets:			
Cash and cash equivalents	\$ 2,256,480	\$ 452,862	\$ 25,419
Receivables	3,618,112	-	8,247
Due from primary government	542,208	-	-
Due from (to) other component units	48,277	-	-
Due from other governmental units	-	10,402,933	-
Inventory	800,362	-	-
Prepaid expenses	30,669	-	-
Capital assets (net of accumulated depreciation)	64,546,338	-	-
Total assets	71,842,446	10,855,795	33,666
Liabilities:			
Payables and current liabilities	513,107	-	5,263
Accrued interest	20,382	45,729	-
Due to other governmental units	2,254	-	-
Advance from primary government	-	-	-
Deferred revenue	1,236,230	-	-
Non-current liabilities			
Advance from State	324,245	-	-
Due within one year	216,155	680,000	-
Due in more than one year	667,873	9,677,204	-
Deferred revenue	-	-	-
Total liabilities	2,980,246	10,402,933	5,263
Net assets:			
Investment in capital assets, net of related liabilities	64,182,799	-	-
Restricted			
Capital projects	-	452,695	-
Debt service	-	167	-
Unrestricted	4,679,401	-	28,403
Total net assets	\$ 68,862,200	\$ 452,862	\$ 28,403

The accompanying notes are an integral part of these financial statements.

Discretely Presented Component Units
Combining Statement of Net Assets
December 31, 2007

Drain Commission	Total
\$ 6,115,362	\$ 8,850,123
9,989,106	13,615,465
-	542,208
(48,277)	-
-	10,402,933
-	800,362
-	30,669
<u>19,948,339</u>	<u>84,494,677</u>
36,004,530	118,736,437
-	518,370
56,404	122,515
-	2,254
217,000	217,000
2,188,993	3,425,223
-	324,245
1,637,442	2,533,597
9,755,800	20,100,877
<u>7,745,775</u>	<u>7,745,775</u>
21,601,414	34,989,856
8,555,097	72,737,896
-	452,695
-	167
<u>5,848,019</u>	<u>10,555,823</u>
<u>\$ 14,403,116</u>	<u>\$ 83,746,581</u>

The accompanying notes are an integral part of these financial statements.

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants
Road commission				
Governmental activities:				
Highways and streets	\$ 11,490,235	\$ 5,977,602	\$ 5,012,596	\$ 2,209,058
Interest on long-term debt	30,402	-	-	-
Total road commission	11,520,637	5,977,602	5,012,596	2,209,058
Department of public works				
Governmental activities:				
Other	3,988,883	4,243,088	-	-
Interest on long-term debt	271,280	271,280	-	-
Total department of public works	4,260,163	4,514,368	-	-
Economic development corporation				
Governmental activities:				
Economic development	198,859	67,324	15,695	-
Drain commission				
Governmental activities:				
Public works	1,195,049	-	-	2,414,147
Interest on long-term debt	524,589	-	-	-
Total drain commission	1,719,638	-	-	2,414,147
Total component units	\$ 17,699,297	\$ 10,559,294	\$ 5,028,291	\$ 4,623,205
General revenues:				
Taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Miscellaneous revenues				
Gain on sale of capital assets				
Total general revenues and special items				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

**Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended December 31, 2007**

Net (Expense) Revenue and Change in Net Assets				
Road Commission	Department of Public Works	Economic Development Corporation	Drain Commission	Total
\$ 1,709,021 (30,402)	\$ - -	\$ - -	\$ - -	\$ 1,709,021 (30,402)
1,678,619	-	-	-	1,678,619
-	254,205	-	-	254,205
-	-	-	-	-
-	254,205	-	-	254,205
-	-	(115,840)	-	(115,840)
-	-	-	1,219,098	1,219,098
-	-	-	(524,589)	(524,589)
-	-	-	694,509	694,509
				2,511,493
1,166,946	-	-	-	1,166,946
-	-	105,800	-	105,800
-	23,109	998	304,347	328,454
-	-	-	32,112	32,112
122,514	-	-	-	122,514
1,289,460	23,109	106,798	336,459	1,755,826
2,968,079	277,314	(9,042)	1,030,968	4,267,319
65,894,121	175,548	37,445	13,372,148	79,479,262
<u>\$ 68,862,200</u>	<u>\$ 452,862</u>	<u>\$ 28,403</u>	<u>\$ 14,403,116</u>	<u>\$ 83,746,581</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Huron County, Michigan (the "County") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

The County of Huron, Michigan, covers an area of approximately 824 square miles, with the County seat located in the City of Bad Axe, Michigan. The County operates under an elected Board of Commissioners (7 members) and provides services to its approximately 36,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture.

These financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended Component Units

The **Huron County Building Authority** is governed by a three-person board appointed by the County Board. Although it is legally separate from the County, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings and other capital improvements.

The **Huron County Transit Corporation** is a separate not-for-profit corporation governed by a six-person board appointed by the County Board. Its sole purpose is to operate the County's transit activities through an operations contract with the County. All transit revenues including grants, taxes and service charges are revenues of the County Transit Fund. In order to not be misleading, this fund has been consolidated and is included in the primary government's enterprise funds.

Discretely Presented Component Units

The **Huron County Road Commission** maintains and constructs County roads and bridges. The County provides subsidies to the Road Commission.

The **Department of Public Works** (DPW) funds are County agencies created to finance and construct water and/or sewage disposal systems for other governments within the County. The DPW funds issue bonds for the construction of such systems. The DPW then enters into contracts with these governments for the repayments of the bonds. These contracts are secured by the full faith and credit of these governments.

The **Drain funds** of the County include several drainage districts which are separate legal entities. Drain funds are consolidated and presented as one fund. The Board of County Road Commissioners is the appointed governing body of the Drain Funds.

The **Economic Development Corporation** (EDC) is a legally separate, not-for-profit corporation which provides economic development assistance to other County governments. The County provides subsidies to the EDC.

Complete financial statements for each of the discretely presented component units can be obtained directly from the County Treasurer's office or the administration offices at the following locations:

Huron County Road Commission
417 South Hanselman Street
Bad Axe, MI 48413

Drain Commission
417 South Hanselman Street
Bad Axe, MI 48413

Huron County Department of Public Works
250 East Huron Avenue
Bad Axe, MI 48413

Economic Development Corporation
250 East Huron Avenue
Bad Axe, MI 48413

Separate audited financial statements for the DPW funds and the Economic Development Corporation were not issued.

Related Organizations

The **Huron County Community Mental Health Authority** operates under the provisions of PA 258 of 1974, as amended. The Authority provides funding for services in the area of mental illness, development disabilities, and other related mental health needs for the residents of Huron County. For the year ended December 31, 2007, the County's contribution to Mental Health Authority was \$193,250.

Funds With Another Year End

All of the County funds and component units operate and are reported on a December 31 year end with the exception of the Department of Human Services, Health Department fund, and Huron Transit funds which operate and are reported as of September 30.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accruals as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Health Department Fund* is used to account for the operations of providing health protection and health services. Financing is provided by state and federal grants, charges for services and general fund appropriations.

The *Primary Road Fund* is used to report voted property taxes collected for road improvements. The taxes collected are remitted to the various local governmental units upon the request of those units.

The *Revenue Reserve Fund* is mandated by the State of Michigan and accounts for property tax collections to serve as a substitute for state revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter tax levy to a summer tax levy.

The *Parks Fund* is used to account for the operations and maintenance of the parks within the County.

The County reports the following major proprietary funds:

The *Medical Care Facility* is used to account for operations that provide medical care services where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *Huron Transit Authority* is used to account for the operation of a County wide transportation system.

The *Delinquent Tax Revolving Fund* is used to account for the payment to each local unit of government within the County of the delinquent real property taxes outstanding as of March 1, of each year. The fund is also used to account for the collection of those delinquent taxes along with penalties and interest.

Additionally, the government reports the following fund types:

The *Internal Service Fund* is used to account for the charges for services from funds and departments for self-funded workers compensation and health care, and to account for the payment of related insurance claims and expenses.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for this business type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal on-going operations. The principal operating revenues for the Enterprise and Internal Services Funds are charges to customers for sales and services. Operating expenses from Enterprise and Internal Service Funds include costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less from the date of acquisition. The investment trusts have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and effectively may withdraw cash at anytime without prior notice or penalty, and are reported as cash and cash equivalents.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonably approximates fair value.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations for the U. S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance restricted account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property receivables are shown net of an allowance for uncollectible accounts.

3. Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased except that the Road Commission component unit values inventories at first in/first out (FIFO) method. Inventories of proprietary funds are carried at cost using the first in/first out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Road Commission and Drain Commission component units. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years except for the Huron County Road Commission equipment which is capitalized as defined by the Michigan Department of Transportation without consideration of a minimum cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

	<u>Primary Government</u>	<u>Road Commission</u>	<u>Drains</u>
Building/Improvements	10 - 50	25 - 50	-
Drain system	-	-	30
Road system/Other information	-	5 - 50	-
Equipment	5 - 15	5 - 20	-

5. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

8. Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis consistent with accounting principles generally accepted in the United States of America and are not significantly different from the modified accrual basis used to reflect actual results. The County employs the following procedures in establishing the budgetary data reflected in the financial statements.

- 1) Prior to November 1, County departments, in conjunction with the Treasurer's Office, prepare and submit their proposed operating budgets for the calendar year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- 2) A Public Hearing is conducted to obtain taxpayers' comments.
- 3) Prior to December 31, the budgets are legally enacted through passage of a Board of Commissioner's resolution.

- 4) The budgets are legally adopted at the activity level for the General Fund and the functional level for the Special Revenue Funds, however for control purposes the budgets are maintained at the account level.
- 5) Formal budgetary integration is not employed for the Debt Service or Capital Projects Funds on an annual basis because effective budgetary control is achieved through project length financial plans.
- 6) The County does not employ encumbrance accounting as an expansion of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year end.
- 7) Budgeted amounts are reported as originally adopted, and as amended by the Board of Commissioners during the year.
- Similar procedures are followed in the case of the component units included in the reporting entity of Huron County, except that the respective Administrator/Director of each performs the function described above rather than the County Treasurer. Budgetary comparisons have not been made for the component unit financial statements but are available in their separately issued component unit financial statements; however, a summary of expenditures in excess of appropriations for the component units' budgetary funds is included below.

B. Excess of Expenditures over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The following over-expenditures were funded by available revenues and/or fund balances.

Excess of expenditures over appropriations in individual funds are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
Primary government			
Special revenue funds			
Health department			
Health and welfare	2,403,928	2,739,970	336,042
Homestead pre-audit			
General government	-	316	316
Local correction officer's training			
Public safety	12,160	13,909	1,749
Airport			
Public works	106,948	565,900	458,952

Component units

The component units (the Huron County Road Commission, the Department of Public Works, Debt Service Funds, and the Drain Debt Service Funds) adopt their budgets at the account level. During the year ended December 31, 2007, the component units incurred expenditures in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
Road Commission			
Primary roads preservation	\$ 2,250,000	\$ 2,272,629	\$ 22,629
Primary roads routine maintenance	1,305,000	1,392,357	87,357
Local roads preservation	3,750,000	3,837,461	87,461
Local roads routine maintenance	1,653,000	1,816,625	163,625
Primary structures routine maintenance	18,000	75,259	57,259
Local structures preservation	1,460,000	1,471,830	11,830
Local structures routine maintenance	27,000	31,279	4,279
State trunkline maintenance	1,100,000	1,263,604	163,604
State trunkline non-maintenance	1,253,000	1,253,355	355
Equipment expense - operating	650,000	672,313	22,313
Capital outlay	290,000	296,954	6,954
Debt service - principal	252,300	252,692	392

III. DETAILED NOTES ON ALL FUNDS**A. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the County to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the Board has authorized investments in accordance with those listed under the State's statutory authority as noted above.

At year end, the County's cash and investments were reported in the accompanying financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and cash equivalents	\$ 5,628,225	\$ 3,672,631	\$ 306,206	\$ 8,850,123
Investments	5,649,471	5,834,586	-	-
	<u>\$ 11,277,696</u>	<u>\$ 9,507,217</u>	<u>\$ 306,206</u>	<u>\$ 8,850,123</u>

Cash and investments as of December 31, 2007 consisted of the following:

	Governmental Activities	Business Type Activities	Fiduciary Funds	Component Units
Cash on hand	\$ 2,620	\$ 150	\$ -	\$ 50
Demand deposits	8,998,621	8,985,112	192,545	2,298,544
Investment pools	2,276,455	521,955	113,661	6,551,529
	<u>\$ 11,277,696</u>	<u>\$ 9,507,217</u>	<u>\$ 306,206</u>	<u>\$ 8,850,123</u>

The County's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk. At year end, the County's primary government, fiduciary funds and component units had \$19,368,023 of bank deposits (certificates of deposits, checking, and savings accounts) that were uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. On the investments listed below, there is no custodial credit risk, as these investments are uncategorized as to credit risk.

Notes to Basic Financial Statements
December 31, 2007
(Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Organization</u>
Governmental Activities			
Investment pools			
JP Morgan Chase MI Governmental MMF	\$ 1,531,676	Aaa	Moody's
Cadre	115,840	AAAm	Standard & Poors
Comerica Govt Cash Investment Funds	628,939	A1	Moody's
Business Type Activities			
Investment pools			
JP Morgan Chase MI Governmental MMF	\$ 49,856	Aaa	Moody's
Cadre	472,099	AAAm	Standard & Poors
Fiduciary Funds			
Investment pools			
Comerica Govt Cash Investment Funds	\$ 113,661	A1	Moody's
Component Units			
Investment pools			
JP Morgan Chase MI Governmental MMF	\$ 4,136,874	Aaa	Moody's
Comerica Govt Cash Investment Funds	184,038	A1	Moody's
National City Municipal Investment Funds	2,230,617	N/A	

The weighted average maturity (years) for all investment pools of the County is 0.0027. All funds have a one day maturity which equals 0.0027, where as a one year maturity would equal 1.00.

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk.

Concentration of Credit Risk

State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

B. Receivables

Receivables in the governmental and business type activities are as follows:

	Governmental Activities	Business Type Activities
Property taxes	\$ 2,474,702	\$ 2,337,338
Accounts and interest	1,097,872	1,264,915
Intergovernmental Federal/State	313,434	75,613
Less allowance for uncollectible accounts	<u>-</u>	<u>(40,000)</u>
	<u><u>\$ 3,886,008</u></u>	<u><u>\$ 3,637,866</u></u>

The only amount not expected to be collected within one year is \$20,790 of accounts and interest receivable.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
General fund	
Property taxes	\$ 674,171
Grants	66,035
Miscellaneous	9
Primary road fund	
Property taxes	1,602,359
Non-major governmental funds	
Property taxes	447,175
Revolving loan	63,145
Other	<u>174</u>
	<u><u>\$ 2,853,068</u></u>

Notes to Basic Financial Statements
December 31, 2007
(Continued)

C. Capital Assets
Primary government

Capital asset activity of the primary government for the year ended December 31, 2007 was as follows:

	January 1, 2007 Balance	Transfers/ Additions	Transfers/ Deletions	December 31, 2007 Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,030,375	\$ 61,119	\$ -	\$ 1,091,494
Land improvements	2,964,107	378,224	-	3,342,331
Historical lighthouse	107,670	27,824	-	135,494
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	4,102,152	467,167	-	4,569,319
Capital assets, being depreciated:				
Buildings	10,171,612	31,384	-	10,202,996
Campsite improvements	1,327,881	23,617	-	1,351,498
Other improvements	204,402	-	-	204,402
Airport runway properties	1,848,590	24,403	-	1,872,993
Machinery and equipment				
General	528,387	22,933	45,124	506,196
Emergency	1,707,723	-	-	1,707,723
Marine	202,387	-	-	202,387
Health	250,977	-	10,495	240,482
Parks	173,656	-	-	173,656
Vehicles				
General	833,375	98,936	310,797	621,514
Emergency	22,908	-	-	22,908
Health	134,575	-	-	134,575
Total capital assets being depreciated	17,406,473	201,273	366,416	17,241,330
Less accumulated depreciation for:				
Buildings	4,507,340	245,121	-	4,752,461
Campsite improvements	617,654	51,375	-	669,029
Other improvements	13,626	6,813	-	20,439
Airport runway properties	664,032	101,997	-	766,029
Machinery and equipment				
General	420,789	49,329	45,124	424,994
Emergency	1,612,554	22,155	-	1,634,709
Marine	187,329	5,815	-	193,144
Health	206,601	14,781	10,495	210,887
Parks	68,401	7,118	-	75,519
Vehicles				
General	694,786	60,104	310,797	444,093
Emergency	2,884	4,582	-	7,466
Health	110,177	13,599	-	123,776
Total accumulated depreciation	9,106,173	582,789	366,416	9,322,546
Total capital assets being depreciated, net	8,300,300	(381,516)	-	7,918,784
Governmental activities capital assets, net	\$ 12,402,452	\$ 85,651	\$ -	\$ 12,488,103

Notes to Basic Financial Statements
December 31, 2007
(Continued)

	January 1, 2007 Balance	Transfers/ Additions	Transfers/ Deletions	December 31, 2007 Balance
Business type activities:				
Capital assets, not being depreciated:				
Land	\$ 17,500	\$ -	\$ -	\$ 17,500
Construction in progress	303,613	866,073	1,072,616	97,070
Total capital assets, not being depreciated	321,113	866,073	1,072,616	114,570
Capital assets, being depreciated:				
Buildings	8,604,435	1,150,953	130,859	9,624,529
Land improvements	110,038	1,350	-	111,388
Machinery and equipment	1,261,226	128,919	41,173	1,348,972
Vehicles	2,368,299	40,892	-	2,409,191
Total capital assets being depreciated	12,343,998	1,322,114	172,032	13,494,080
Less accumulated depreciation for:				
Buildings	4,795,435	266,650	130,859	4,931,226
Land improvements	104,513	642	-	105,155
Machinery and equipment	1,035,473	43,350	41,173	1,037,650
Vehicles	1,626,279	311,254	-	1,937,533
Total accumulated depreciation	7,561,700	621,896	172,032	8,011,564
Total capital assets being depreciated, net	4,782,298	700,218	-	5,482,516
	<u>\$ 5,103,411</u>	<u>\$ 1,566,291</u>	<u>\$ 1,072,616</u>	<u>\$ 5,597,086</u>

Depreciation expense charged to functions/programs of the primary government for the year ended December 31, 2007 is as follows:

Governmental activities:	
Legislative	\$ 4,216
Judicial	33,622
General government	69,107
Public safety	188,539
Public works	101,997
Health and welfare	67,095
Recreation and cultural	118,213
Total depreciation expense - governmental activities	<u>\$ 582,789</u>
Business type activities:	
Medical Care Facility	\$ 232,970
Huron Transit	388,926
Total depreciation expense - business type activities	<u>\$ 621,896</u>

Discretely Presented Component Units

Drain Commission - Activity for the Drain Commission for the year ended December 31, 2007, was as follows:

	January 1, 2007 Balance	Transfers/ Additions	Transfers/ Deletions	December 31, 2007 Balance
Capital assets, not being depreciated:				
Land improvements	\$ 2,349,213	\$ -	\$ -	\$ 2,349,213
Construction in progress	1,394,030	176,583	1,327,745	242,868
Total capital assets, not being depreciated	3,743,243	176,583	1,327,745	2,592,081
Capital assets, being depreciated:				
Drainage systems	25,718,208	1,795,079	-	27,513,287
Less accumulated depreciation for:				
Drainage systems	9,239,526	917,503	-	10,157,029
Total capital assets, being depreciated, net	16,478,682	877,576	-	17,356,258
Governmental activity capital assets, net	<u>\$ 20,221,925</u>	<u>\$ 1,054,159</u>	<u>\$ 1,327,745</u>	<u>\$ 19,948,339</u>

Depreciation expense for 2007 was \$917,503.

Road Commission - Activity for the Road Commission for the year ended December 31, 2007, was as follows:

	January 1, 2007 Balance	Transfers/ Additions	Transfers/ Deletions	December 31, 2007 Balance
Capital assets, not being depreciated:				
Land	\$ 88,288	\$ -	\$ -	\$ 88,288
Land improvements	10,099,499	367,811	-	10,467,310
Total capital assets, not being depreciated	10,187,787	367,811	-	10,555,598
Capital assets, being depreciated:				
Buildings and improvements	1,323,562	83,584	17,847	1,389,299
Road equipment	6,666,814	170,284	56,083	6,781,015
Shop equipment	93,186	12,205	-	105,391
Office equipment	101,150	30,881	26,516	105,515
Engineering equipment	88,056	-	1,530	86,526
Yard and storage	424,423	-	51,823	372,600
Infrastructure				
Roads	63,235,460	5,742,280	5,219,040	63,758,700
Bridges	23,947,945	1,471,830	-	25,419,775
Depletable assets				
Gravel pits	90,453	-	-	90,453
Total capital assets being depreciated	95,971,049	7,511,064	5,372,839	98,109,274
Less accumulated depreciation for:				
Buildings and improvements	958,210	33,524	17,278	974,456
Road equipment	5,248,927	564,033	55,627	5,757,333
Shop equipment	63,415	6,609	-	70,024
Office equipment	72,861	9,744	25,818	56,787
Engineering equipment	74,011	5,442	1,530	77,923
Yard and storage	266,505	15,740	51,823	230,422
Infrastructure				
Roads	30,686,585	4,775,938	5,219,040	30,243,483
Bridges	6,098,870	531,120	-	6,629,990
Depletable assets				
Gravel pits	78,116	-	-	78,116
	43,547,500	5,942,150	5,371,116	44,118,534
Total capital assets, being depreciated, net	52,423,549	1,568,914	1,723	53,990,740
Governmental activity capital assets, net	\$ 62,611,336	\$ 1,936,725	\$ 1,723	\$ 64,546,338

Depreciation expense for 2007 was \$5,942,150.

D. Payables

Payables in the governmental and business type activities are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accounts payable/accrued liabilities	\$ 455,536	\$ 397,504
Wages and fringe benefits	756,564	437,696
Intergovernmental Federal/State	<u>29,000</u>	<u>38,267</u>
	<u>\$ 1,241,100</u>	<u>\$ 873,467</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

	<u>Receivable</u>	<u>Payable</u>
Advances to/from other funds		
Primary government		
General	\$ 217,000	\$ -
Component unit		
Drains	-	217,000
	<u>\$ 217,000</u>	<u>\$ 217,000</u>
Interfund receivable/payable		
Governmental funds		
General	\$ -	\$ 3,690,215
Health	43,571	-
Revenue reserve	835	-
Parks	96,021	-
Nonmajor governmental funds	1,032,881	-
Proprietary funds		
Medical care facility	77,513	-
Delinquent tax revolving	1,352	-
Nonmajor proprietary fund	24,121	-
Internal service funds	1,673,047	-
Fiduciary funds	776,627	-
	<u>3,725,968</u>	<u>3,690,215</u>
Adjustments for September 30 year end funds	-	35,753
	<u>\$ 3,725,968</u>	<u>\$ 3,725,968</u>

The interfund receivables/payables exist due to the fact that the County uses a pooled cash management account for substantially all funds. The interfund Receivables/Payables do not agree in this presentation due to the fact that Health and Department of Human Services present September 30, 2007 balances. Outstanding advances between funds relate to working capital loans made to a certain component unit.

A summary of interfund transfers for the year ended December 31, 2007, is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental funds		
General	\$ 1,068,374	\$ 2,304,045
Health	350,288	-
Revenue reserve	-	723,663
Nonmajor governmental funds	2,039,029	111,281
Proprietary funds		
Delinquent tax revolving	-	344,711
	<u>3,457,691</u>	<u>3,483,700</u>
Adjustments for September 30 year end funds	26,009	-
	<u>\$ 3,483,700</u>	<u>\$ 3,483,700</u>

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

Total transfers in for the primary government as shown in the accompanying financial statements were \$3,467,332 and total transfers out were \$3,493,341. The difference between these amounts, \$26,009, was attributable to transactions with the Health Department, which is reported on a September 30 year end. As such, this is reported as an uneliminated internal balance in the statement of activities.

F. Unemployment Compensation

The County and its component units are reimbursing employers for purposes of unemployment insurance claims against the employer. They reimburse the State of Michigan for all benefits charged against it in the event of termination of employment and subsequent claims of its employees. Because an estimate cannot be made, the contingent liability for unemployment insurance claims is not recognized in the accompanying financial statements. This expense is recognized as paid or when the liability is due to the State Unemployment Agency.

G. Leases

Primary government

Operating leases - The 911 Operation leases towers under five year leases (all of which have expired). The leases are, therefore, month to month. The annual expense for tower and other miscellaneous leases was \$23,458 in 2007.

Component units

Road Commission

Capital Leases - The Road Commission has entered into lease agreements as the lessee for financing the purchase of road graders. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

	<u>Cat Grader</u>
2008	<u>\$ 125,883</u>
Total minimum lease payments	\$ 125,883
Less amount representing interest	<u>(2,146)</u>
Present value	<u>\$ 123,737</u>

H. Long- Term Debt

A summary of changes in long-term debt is as follows:

	Balance January 1, 2007	Additions (Retirements)	Balance December 31, 2007	Due Within One Year
Primary government - Governmental activities:				
General Obligation Debt:				
Municipal purchase note - secured by general obligation of the County:				
\$2,840,000 Municipal Purchase Note (Jail and Medical Care Building); due in annual installments of \$165,000 - \$365,000 plus interest semi-annually at 3.600% - 3.875% through September 1, 2011	\$ 1,400,000	\$ (350,000)	\$ 1,050,000	\$ 350,000
Less amount carried by Enterprise Fund (Medical Care Building)	(605,000)	200,000	(405,000)	(200,000)
Total general obligation debt	795,000	(150,000)	645,000	150,000
Other debt:				
Lease purchase - GMAC; due in annual installments of \$6,609 including interest annually at 6.90% through June 24, 2007	6,180	(6,180)	-	-
Lease purchase - Ford Motor Credit; due in annual installments of \$7,308 including interest annually at 5.00% through August 17, 2007	6,960	(6,960)	-	-
Lease purchase - GMAC; due in annual installments of \$18,549 including interest annually at 7.05% through May 5, 2008	33,513	(16,186)	17,327	17,327
Lease purchase - GMAC; due in annual installments of \$7,825 including interest annually at 7.554% through September 19, 2008	14,040	(6,764)	7,276	7,276
Lease purchase - GMAC; due in annual installments of \$21,025 including interest annually at 6.20% through March 22, 2009	-	59,463 (21,025)	38,438	18,641
Note payable - Michigan Aeronautics Commission Michigan Airport Loan Program with annual payments of \$1,723 including interest at 4.70% through May 2008	3,217	(1,573)	1,644	1,644
General fund vested vacation and sick leave	861,392	12,015	873,407	-
Special revenue fund vested vacation and sick leave	85,049	2,091	87,140	-
Total other debt	1,010,351	14,881	1,025,232	44,888
Total debt - governmental activities	\$ 1,805,351	\$ (135,119)	\$ 1,670,232	\$ 194,888

**Notes to Basic Financial Statements
December 31, 2007
(Continued)**

	<u>Balance January 1, 2007</u>	<u>Additions (Retirements)</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
Primary government - Business type activities:				
General Obligation Debt:				
Municipal purchase note - secured by general obligation of the County:				
\$1,490,000 Municipal Purchase Note; due in annual installments of \$200,000 - \$205,000 plus interest semi-annually at 3.600% - 3.625% through September 1, 2009	\$ 605,000	\$ (200,000)	\$ 405,000	\$ 200,000
Less unamortized discount and issue costs	<u>(16,164)</u>	<u>8,263</u>	<u>(7,901)</u>	<u>(5,186)</u>
Total debt - business type activities	<u>\$ 588,836</u>	<u>\$ (191,737)</u>	<u>\$ 397,099</u>	<u>\$ 194,814</u>

Component units:
General obligation debt:
General obligation debt secured by general obligation contracts:

General obligation bonds have been issued by the County to construct several water supply and sewage disposal systems for various townships, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the Townships, Villages, Cities and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended.

The principal and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the bond issues, ownership of the systems revert to the Townships, Villages or Cities.

	Balance January 1, 2007	Additions (Retirements)	Balance December 31, 2007	Due Within One Year
\$180,000 Huron County sewer system serial bonds (Township of Colfax) due in annual installments of \$15,000 plus interest semi-annually at 5.00% through September 1, 2008; Colfax Township has entered into a general obligation contract with the County to repay this debt	\$ 30,000	\$ (15,000)	\$ 15,000	\$ 15,000
\$525,000 Huron County water and sewer system serial bonds (Sebewaing M-25) due in annual installments of \$40,000 plus interest semi-annually at 7.05% - 7.15% through September 1, 2012; the Village of Sebewaing has entered into a general obligation contract with the County to repay this debt	235,000	(35,000)	200,000	40,000
\$2,625,000 Huron County water system improvement project bonds (Sand Beach Township) due in annual installments of \$125,000 plus interest semi-annually at 4.85% through December 1, 2007; the Township of Sand Beach has entered into a general obligation contract with the County to repay this debt	125,000	(125,000)	-	-
\$1,900,000 Huron County water system improvement refunding bond series 2005 (Sand Beach Township) due in annual installments of \$120,000 - \$135,000 plus interest semi-annually at 3.000% - 4.000% through June 1, 2018; the Township of Sand Beach has entered into a general obligation contract with the County to repay this debt	1,900,000	(500,000)	1,400,000	135,000
\$1,900,000 Huron County water supply and sewage disposal bonds (City of Bad Axe - Series A) due in annual installments of \$175,000 - \$200,000 plus interest semi-annually at 4.125% - 5.000% through December 1, 2015; the City of Bad Axe has entered into a general obligation contract with the County to repay this debt	1,600,000	(50,000)	1,550,000	175,000
\$1,605,000 Huron County water supply and sewage disposal bonds (City of Bad Axe - Series B) due in annual installments of \$200,000 plus interest semi-annually at 4.750% through December 1, 2007; the City of Bad Axe has entered into a general obligation contract with the County to repay this debt	200,000	(200,000)	-	-

Notes to Basic Financial Statements
December 31, 2007
(Continued)

	Balance January 1, 2007	Additions (Retirements)	Balance December 31, 2007	Due Within One Year
\$2,322,698 Huron County sewage disposal bonds (City of Bad Axe) due in annual installments of \$285,000 - \$380,000 plus interest semi-annually at 1.625% through April 1, 2027 the City of Bad Axe has entered into a general obligation contract with the County to repay this debt	2,322,698	4,243,088	6,565,786	285,000
Huron County water system improvement bonds (Village of Elkton) due in annual installments of \$30,000 - \$50,000 plus interest semi-annually at 2.125% through October 1, 2023; the Village of Elkton has entered into a general obligation contract with the County to repay this debt	656,418	(30,000)	626,418	30,000
Total general obligation debt secured by general obligation contracts	7,069,116	3,288,088	10,357,204	680,000
Drain Funds debt (backed by the full faith and credit of the County):				
Drain notes payable, due in amounts varying from \$5,900 to \$50,625 plus interest at 2.50% - 6.20% through July 1, 2022	895,433	86,626 (286,817)	695,242	273,442
Drain bonds - Bad Axe Drain - Phase I; due in annual installments of \$75,000 plus interest semi-annually at 6.40% through June 1, 2007	75,000	(75,000)	-	-
Drain bonds - Bad Axe Drain - Phase II; due in annual installments of \$50,000 - \$75,000 plus interest semi- annually at 5.60% - 5.90% through June 1, 2014	500,000	(50,000)	450,000	50,000
Drain bonds - Cramp Drain; due in annual installments of \$30,000 plus interest semi-annually at 5.80% - 5.90% through June 1, 2009	90,000	(30,000)	60,000	30,000
Drain bonds - Todd Drain; due in annual installments of \$35,000 plus interest semi-annually at 6.70% - 6.90% through June 1, 2010	140,000	(35,000)	105,000	35,000
Drain bonds - Pitcher Drain; due in annual installments of \$35,000 - \$40,000 plus interest semi-annually at 5.00% through June 1, 2011	190,000	(40,000)	150,000	35,000
Drain bonds - Thompson Drain; due in annual installments of \$40,000 plus interest at 4.90% through June 1, 2007	40,000	(40,000)	-	-
Drain bonds - Allen Drain; due in annual installments of \$100,000 - \$125,000 plus interest semi-annually at 4.50% through June 1, 2012	675,000	(125,000)	550,000	125,000
Drain bonds - Crumback Drain; due in annual installments of \$20,000 - 25,000 plus interest at 4.70% - 5.00% through June 1, 2013	165,000	(25,000)	140,000	25,000

Huron County, Michigan**Notes to Basic Financial Statements
December 31, 2007
(Continued)**

	<u>Balance January 1, 2007</u>	<u>Additions (Retirements)</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
Drain bonds - Schram Drain; due in annual installments of \$70,000 plus interest semi-annually at 4.70% - 5.00% through June 1, 2013	490,000	(70,000)	420,000	70,000
Drain bonds - Bay Port Drain; due in annual installments of \$35,000 - 40,000 plus interest at 4.50% - 4.75% through June 1, 2018	450,000	(35,000)	415,000	35,000
Drain bonds - Lincoln Drain; due in annual installments of \$35,000 plus interest semi-annually at 5.15% - 5.35% through June 1, 2010	140,000	(35,000)	105,000	35,000
Drain bonds - Shebeon Intercounty Drain; due in annual installments of \$225,000 plus interest semi-annually at 5.45% - 5.50% through June 1, 2010	900,000	(225,000)	675,000	225,000
Drain bonds - Harbor Beach Consolidated Drain; due in annual installments of \$50,000 - \$100,000 plus interest semi-annually at 4.80% - 5.50% through June 1, 2020	1,025,000	(50,000)	975,000	50,000
Drain bonds - Beaubien Drain; due in annual installments of \$50,000 plus interest semi-annually at 5.00% - 5.15% through June 1, 2011	250,000	(50,000)	200,000	50,000
Drain bonds - Cameron Drain; due in annual installments of \$30,000 - \$35,000 plus interest semi-annually at 4.40% - 5.00% through June 1, 2013	235,000	(30,000)	205,000	30,000
Drain bonds - Taft Drain; due in annual installments of \$65,000 - \$70,000 plus interest semi-annually at 4.00% - 4.45% through June 1, 2012	400,000	(65,000)	335,000	65,000
Drain bonds - Filion Drain; due in annual installments of \$40,000 plus interest semi-annually at 3.45% through June 1, 2018	480,000	(40,000)	440,000	40,000
Drain bonds - Willow Creek Drain; due in annual installments of \$125,000 - \$150,000 plus interest semi-annually at 3.00% - 4.00% through June 1, 2020	2,075,000	(150,000)	1,925,000	150,000
Drain bonds - Cook Drain; due in annual installments of \$35,000 plus interest semi-annually at 3.20% - 4.35% through June 1, 2017	385,000	(35,000)	350,000	35,000
Drain bonds - Sebewaing River Intercounty Drain; due in annual installments of \$110,000 plus interest semi-annually at 2.70% - 3.80% through June 1, 2014	880,000	(110,000)	770,000	110,000
Drain bonds - Campau and Branches Drain; due in annual installments of \$45,000 - \$50,000 plus interest semi-annually at 3.70% - 4.40% through June 1, 2021	720,000	(45,000)	675,000	45,000
Drain bonds - McMullen and Branches Drain; due in annual installments of \$50,000 - \$75,000 plus interest semi-annually at 3.90% - 4.65% through June 1, 2021	1,050,000	(50,000)	1,000,000	75,000
Drain bonds - Symons and Branches Drain; due in annual installments of \$30,000 - \$35,000 plus interest semi-annually at 4.000% - 4.125% through June 1, 2022	465,000	-	465,000	30,000
Drain bonds - Coleman and Branch Drain; due in annual installments of \$19,000 - \$22,000 plus interest annually at 3.90% - 4.95% through June 1, 2022	-	288,000	288,000	19,000
Total drain funds debt	12,715,433	(1,322,191)	11,393,242	1,637,442

Notes to Basic Financial Statements
December 31, 2007
(Continued)

Motor Vehicle Highway Fund debt secured by highway funds (backed by full faith and credit of the County):

	Balance January 1, 2007	Additions (Retirements)	Balance December 31, 2007	Due Within One Year
Drain assessment - Allen Drain; due in annual installments of \$27,484 plus interest semi-annually at various rates through June 1, 2011	137,419	(27,484)	109,935	27,484
Drain assessment - Shebeon Drain; due in annual installments of \$64,934 plus interest semi-annually at various rates through June 1, 2009	194,801	(64,934)	129,867	64,934
Lease purchase - Caterpillar Financial; due in monthly installments of \$2,911 including interest at 4.25% through November 1, 2007	128,825	(128,825)	-	-
Lease purchase - Caterpillar Financial; due in monthly installments of \$3,100 including interest at 4.15% through June 1, 2008	155,186	(31,449)	123,737	123,737
Total highway debt	616,231	(252,692)	363,539	216,155

Other debt:

Vested vacation and sick leave - Huron County Road Commission	530,199	(9,710)	520,489	-
Total component unit debt	\$ 20,930,979	\$ 1,703,495	\$ 22,634,474	\$ 2,533,597

The annual principal and interest requirements, excluding installment contracts, for the years ending December 31, 2008 through 2027 are as follows:

	Governmental Activities	Business Type Activities	Discretely Presented Component Units
2008	\$ 173,972	\$ 214,630	\$ 3,042,703
2009	178,534	212,380	2,857,070
2010	177,776	-	2,681,541
2011	176,588	-	2,287,055
2012	-	-	2,136,505
2013 - 2017	-	-	7,267,794
2018 - 2022	-	-	3,903,663
2023 - 2027	-	-	1,920,315
	\$ 706,870	\$ 427,010	\$ 26,096,646

The following is a summary of commitments, including interest, under installment contracts and lease purchases.

2008	\$	49,125
2009		<u>21,024</u>
	\$	<u>70,149</u>

IV. OTHER INFORMATION

A. Risk Management

Primary government

The County is self-insured for workers' compensation and health care benefits.

Workers' compensation

All County funds, except for Huron Transit, Parks and Airport Funds, make payments to the Workers' Compensation Fund (Internal Service) based on annually determined percentages of gross wages. These payments are reported as charges for services in the paying fund and charges for services in the receiving fund.

The County is self-insured for individual claims up to \$275,000 and total claims per year up to \$739,500. The County purchases commercial insurance for claims in excess of these amounts. The County has recorded a liability of \$129,822 for accrued claims including an estimate for claims incurred but not reported (IBNR). The Workers' Compensation Fund evaluates each claim periodically and estimates the total expected cost. Reserves for unknown future losses are not established. The claims liability at December 31, 2007 is listed below.

Health care benefits

In June 2003, the County established a self-insured health care benefit plan. This plan is administered by a third party and is accounted for in the Fringe Benefits Fund (Internal Service). Under the plan, the County pays claims up to \$25,000 per contract. The County purchases stop loss insurance for claims in excess of this limit. The County records a liability for unpaid claims, including incurred but not reported claims (IBNR).

The changes in claims liabilities during 2007 were as follows:

	<u>Workers Compensation</u>	<u>Health Care Benefits</u>	<u>Total</u>
Unpaid claims, December 31, 2006	\$ 166,448	\$ 233,154	\$ 399,602
Provision for claims	2,934	1,527,596	1,530,530
Claims paid	<u>(39,560)</u>	<u>(1,417,069)</u>	<u>(1,456,629)</u>
Unpaid claims, December 31, 2007	<u>\$ 129,822</u>	<u>\$ 343,681</u>	<u>\$ 473,503</u>

The self-insured health care benefit plan referred to above is not utilized by the Medical Care Facility Fund, Huron Transit Fund, Parks and Airport Funds. Those funds purchase commercial insurance for employee health care benefits.

Partial self-insurance - general liability

The County is a member of the Michigan Municipal Risk Management Authority. As a member of the Authority, the County is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the County's maximum loss per occurrence is limited as follows:

	Maximum Retention Per Occurrence
General liability	\$75,000
Auto physical damage	\$15,000 per vehicle
Auto physical damage	\$30,000 per occurrence
Property coverage	10% of the first \$100,000 after \$1,000 deductible

Losses in excess of these occurrence limits are covered by reinsurance up to \$14,925,000.

The Huron County Health Department participates in the Michigan Municipal Risk Management Authority, which is a public entity risk pool, for the coverage of significant losses due to its general liability. The participation in the pool constitutes transfer of the risk for significant losses to the pool with a liability limit of \$10 million and \$5 million, respectively. This fund is required to pay annual premiums to the Michigan Municipal Risk Management Authority for the liability coverage. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Parks Fund and the Airport Fund are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Parks Fund has obtained insurance coverage for these risks through the Huron County Road Commission as a member of the Michigan County Road Commission Self Insurance Pool, a public entity risk pool. The MCRCSIP currently operates as a common risk management and insurance program which charges annual premiums to its members for coverage. The pool is self-sustaining through member premiums and provides reinsurance through commercial companies for claims in excess of \$10 million for each insured event.

The Huron Transit Corporation is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The Corporation is a member of the Michigan Transit Pool (a group self-insurance pool) to account for and finance these risks of loss. Currently, the Pool has two separate loss protection programs known as (1) the Liability Coverage Program and (2) the Direct Property Damage Coverage Program. The Liability Coverage Program provides coverage for motor vehicle liability as required by state law and general liability coverage. The Direct Property Damage Coverage Program provides coverage for collision losses, comprehensive losses and losses of use.

Payments ("premiums") charged to members participating in the Liability Coverage Program and the Direct Property Damage Coverage Program are determined in amounts pursuant to cost allocation plans for each program. However, both of the programs involve the transferring of risk of loss amongst members, and premiums are subject to retrospective adjustments to prior years. Generally, the Corporation's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Deposit Premiums</u>	<u>Maximum Retention Per Occurrence</u>	<u>Coverage Limit Per Occurrence</u>
Motor vehicle and general liability	\$ 65,878	\$ 100,000	\$ 1,000,000
Direct property damage	\$ 15,985	\$ 10,000	Book value of property

If a loss is greater than the retention amount, the difference is covered by excess insurance carriers.

Members pay directly the first \$2,000 of each loss. The next \$8,000 is also the member's responsibility but comes from the member's premium deposit. Loss amounts above \$10,000 are pooled, and shared between all program members, based upon the relative book values of each respective member. Comprehensive losses over \$50,000 are covered by the excess insurance carrier.

The Huron County Medical Care Facility purchases commercial insurance through private carriers. Management believes such coverage is sufficient to preclude any material loss to the County.

Component units

Road Commission

The Road Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Road Commission joined together with other Road Commissions to form the Michigan County Road Commission Self-Insurance Pool (MCRCSIP), a public entity risk pool currently operating as a common risk management and insurance program which charges an annual premium to its members for insurance coverage. The pool is self-sustaining through member premiums and provides reinsurance through commercial companies for claims in excess of \$10 million for each insured event. The MCRCSIP provides general liability, casualty and fleet coverage to the Road Commission, and acts as an agent for the Road Commission by purchasing commercial insurance for underground storage tank liability.

The Road Commission is also a member of the Michigan County Road Association Self-Insurance Fund, a public entity risk pool providing risk management for worker's compensation. The Road Commission also continues to carry commercial insurance for employee health coverage.

At December 31, 2007, there were no claims that exceeded insurance coverage. The Road Commission had no significant reduction in insurance coverage from the previous year.

B. Contingent Liabilities

Various claims and lawsuits are pending against the County. The County has sufficient insurance coverage and would only be liable up to \$75,000 on each case settled in the plaintiff's favor. In the opinion of the County's management and legal counsel, the potential loss on all claims and lawsuits will not be significant to the County's financial statements.

Various suits involving personal injury claims have been filed or are pending against the Road Commission. The only direct financial responsibility that the Road Commission has concerning the above claims is the payment of a \$1,000 deductible, per occurrence, to the Michigan County Road Commission Self-Insurance Pool. The Road Commission is afforded coverage through the Pool with more than sufficient limits to cover any settlement or adverse judgment.

C. Property Taxes

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

The County's summer 2007 ad valorem taxes were levied and collectible on July 1, 2007. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of the County operations. As a result, the County's Summer 2007 tax levy has been recognized as revenue in the current fiscal year. The 2007 original taxable value of Huron County amounted to \$1,567,692,210 on which ad valorem taxes levied for County general operating purposes consisted of 4.3807 mills. The County also had a voter approved tax of 0.1991 mills for the Older Citizens Fund, 0.9971 mills for the Primary Road Fund, 0.4887 mills for the Medical Care Facility, 0.1991 mills for Huron Transit operations and 0.0800 mills for the Veterans Affairs Fund.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2007. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Funds. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Funds.

D. Retirement Plan**Plan description**

The County and Road Commission contribute to defined benefit pension plans with the Michigan Municipal Employees Retirement System (MERS). Separate actuarial valuations are obtained for the County general employees (primary government) and for the Road Commission employees (component units).

MERS is an agent multiple-employer, state-wide, public employee pension plan that was created under Public Act 135 of 1945, and now operates under Public Act 220 of 1996, and the MERS Plan Document as revised. Pursuant to Act 220, on August 15, 1996, MERS became an independent public non-profit corporation which is an instrumentality of the participating municipalities and courts. MERS was established to provide retirement, survivor and disability benefits on a voluntary basis to the State of Michigan's local government employees. It provides centralized administration and investment of plan assets, but each employer unit is separately experience rated. MERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to MERS, 1134 Municipal Way, Lansing MI 48917 or by calling 1-800-767-6377.

Funding policy

Employees are required to contribute 3% of their annual earnings up to \$4,200 and 5% thereafter to the System. The County and Road Commission are required to contribute at an actuarially determined rate.

Primary government**Annual pension cost**

For 2007, the County's annual pension cost was equal to their required contribution. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) an investment yield rate of 8%, (b) projected merit and longevity wage increases ranging from 4.5% to 12.9% per year, with a projected annual payroll increase of 4.5%, (c) a mortality table projecting the number of members who will die before retirement and the duration of benefit payments after retirement, (d) assumed retirement rates projecting when members will retire and commence receiving retirement benefits, and (e) a set of withdrawal and disability rates to estimate the number of members who will leave the work force before retirement. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll.

Three year trend information is as follows:

<u>Year Ending</u>	<u>Annually Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2005	954,755	100%	-
12/31/2006	981,871	100%	-
12/31/2007	1,027,809	100%	-

Road Commission

Annual pension cost

For 2007, the Road Commission made actual contributions of \$301,220 which were made based on the payroll paid rather than the estimated payroll used in the actuarial valuation. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) an investment yield rate of 8%, (b) projected merit and longevity wage increases ranging from 4.5% to 12.9% per year, with a projected annual payroll increase of 4.5%, (c) a mortality table projecting the number of members who will die before retirement and the duration of benefit payments after retirement, (d) assumed retirement rates projecting when members will retire and commence receiving retirement benefits, and (e) a set of withdrawal and disability rates to estimate the number of members who will leave the work force before retirement. The Road Commission's unfunded actuarial accrued liability is being amortized as a level of percentage payroll.

Three year trend information is as follows:

<u>Year Ending</u>	<u>Annually Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2005	179,532	100%	-
12/31/2006	250,548	100%	-
12/31/2007	292,116	100%	-

E. Post-employment Benefits

In addition to pension benefits, the County provides the following benefits to employees who retire.

Health insurance

The County provides post-retirement health care benefits to eligible employees who retire from the County. For employees hired prior to 1997, eligibility depends on minimum years of service ranging from ten to fifteen years and a minimum age of 55 to 60 years. For employees hired after 1996, employees must reach age 60 and must have worked for the County for twenty-five years. For those employees hired prior to 1997, the County pays from 50% to 100% of the insurance. These benefits terminate upon the death of the retired County employee.

The County pays the cost of the benefit out of the Retiree's Health Insurance Fund (a Special Revenue fund). The County General Fund transfers the estimated cost of the benefit to this fund. As of December 31, 2007, the fund balance of this fund was \$892,183. During the year ended December 31, 2007, the County's net expense for premiums paid was \$458,598. Benefits were paid on behalf of 49 former employees.

The Health Department pays the cost of the benefit out of the Health Fund (a Special Revenue fund). During the year ended September 30, 2007, the Health Fund's net expense for premiums paid was \$41,555. Benefits were paid on behalf of 10 former employees.

The Road Commission provides optional health insurance through Blue Cross to its retired employees depending on their age. The Board pays the premiums for each employee that retires prior to being 65 years old, for a maximum of three years, or until they reach age 65. Those employees who retire or continue coverage after age 65 may obtain coverage through the Road Commission, but are responsible for the full cost of all premiums. For the year ended December 31, 2007, premiums paid by the Road Commission for 7 retired employees were \$67,163 while employee-paid premiums totaled \$189,498. All of the post-employment benefits provided are included in agreements between the Board and employee groups, with all required Board premiums being funded on a pay-as-you-go basis.

The Government Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Life insurance

The Road Commission pays the premium for a group life insurance policy in the amount of \$3,000 to \$15,000, for each retired employee. For the year ended December 31, 2007, the Road Commission paid \$2,024 in life insurance premiums on behalf of 35 retired employees. During 2002, the Road Commission elected to drop commercial life insurance policies for the retired employees with \$1,000 of coverage. Instead, they have opted to self-insure the lives of these 9 retired employees. During the year ended December 31, 2007, there were no claims paid under this self-insurance policy, and 9 retirees remaining under this system.

F. Deferred Compensation Plan

General, Road Commission and Huron Behavioral Health employees

Huron County offers all County employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans are held in trust as described in IRC Section 457 (g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances are not reflected in Huron County's financial statements.

Huron Transit employees

Huron Transit Corporation offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in a custodial account as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of Huron Transit Corporation for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provision of GASB Statement No. 32, plan balances and activities are not reflected in Huron Transit Corporation's financial statements. Employer contributions for the year were \$1,395.

G. Fund Equity**Reserved fund balance**

Fund Balance has been reserved in various governmental funds to indicate the portion of Fund Balance not available but reserved for a specific purpose. The following is a summary of Reserved Fund Balance for all County funds at December 31, 2007:

Primary government			
General fund	Long-term advances	\$	217,000
Special revenue funds			
Parks	Capital projects	\$	25,200
Enterprise funds			
Delinquent tax revolving fund	Foreclosure	\$	358,555
	Tax administration	\$	12,171

H. Restricted Net Assets

Restrictions of net assets shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2007:

Primary government			
Governmental activities			
Restricted for			
Capital projects		\$	25,200
Business type activities			
Restricted for			
Foreclosure		\$	358,555
Tax administration		\$	12,171
Component units			
Department of public works			
Restricted for			
Capital projects		\$	452,695
Debt service		\$	167

I. Construction Projects

The Medical Care Facility is making significant improvements to the 1977 wing of its building. The total cost of this project is estimated at \$445,000. As of December 31, 2007, the Medical Care Facility has expended \$30,387 on this project.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

General Employees

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2000	30,373,411	34,234,624	3,861,213	89%	8,191,487	47.14%
12/31/2001	32,573,682	37,022,196	4,448,514	88%	8,204,814	54.22%
12/31/2002	33,600,643	40,094,112	6,493,469	84%	8,509,627	76.31%
12/31/2003	36,153,877	42,505,517	6,351,640	85%	8,449,846	75.17%
12/31/2004	38,430,807	44,592,814	6,162,007	86%	8,222,689	74.94%
12/31/2005	40,520,925	46,735,511	6,214,586	87%	8,416,951	73.83%
12/31/2006	43,289,362	49,462,319	6,172,957	88%	8,929,039	69.13%

Road Commission Employees

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2000	16,313,899	15,881,803	(432,096)	103%	2,387,777	0.00%
12/31/2001	16,673,821	16,982,168	308,347	98%	2,601,414	11.85%
12/31/2002	16,288,042	17,365,850	1,077,808	94%	2,690,619	40.06%
12/31/2003	16,525,788	17,963,908	1,438,120	92%	2,693,384	53.39%
12/31/2004	16,822,950	19,148,577	2,325,627	88%	2,801,817	83.00%
12/31/2005	17,070,893	19,896,332	2,825,439	86%	2,869,827	98.45%
12/31/2006	17,639,968	20,413,462	2,773,494	86%	2,938,141	94.40%

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 6,810,267	\$ 6,855,267	\$ 6,898,283	\$ 43,016
Licenses and permits	50,550	50,550	54,146	3,596
Federal grants	343,203	345,293	320,968	(24,325)
State grants	904,988	932,688	889,734	(42,954)
Charges for services	1,696,075	1,989,275	1,998,732	9,457
Fines and forfeitures	102,300	104,000	106,354	2,354
Interest	150,000	240,000	233,482	(6,518)
Rents	307,286	296,653	291,723	(4,930)
Other	26,050	48,300	101,456	53,156
Total revenues	10,390,719	10,862,026	10,894,878	32,852
Expenditures:				
Legislative	258,317	270,718	268,390	2,328
Judicial	1,619,874	1,639,698	1,607,289	32,409
General government	2,291,512	2,346,364	2,307,203	39,161
Public safety	2,904,126	2,942,957	2,924,241	18,716
Public works	360,673	367,673	356,131	11,542
Health and welfare	279,712	285,712	282,875	2,837
Economic development	105,800	105,800	105,800	-
Recreation and cultural	60,224	65,424	65,385	39
Other	1,714,839	1,425,575	1,415,698	9,877
Debt service				
Principal	150,000	150,000	150,000	-
Interest	29,000	29,000	28,972	28
Total expenditures	9,774,077	9,628,921	9,511,984	116,937
Excess of revenues over expenditures	616,642	1,233,105	1,382,894	149,789
Other financing sources (uses):				
Operating transfers in	1,065,583	1,068,374	1,068,374	-
Operating transfers out	(1,682,225)	(2,305,979)	(2,304,045)	1,934
Total other financing sources (uses)	(616,642)	(1,237,605)	(1,235,671)	1,934
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(4,500)	147,223	151,723
Fund balance, beginning of year	1,399,547	1,399,547	1,399,547	-
Fund balance, end of year	<u>\$ 1,399,547</u>	<u>\$ 1,395,047</u>	<u>\$ 1,546,770</u>	<u>\$ 151,723</u>

Huron County, Michigan**General Fund
Schedule of Expenditures by Activity
Budget and Actual
For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Legislative:				
Board of commissioners	\$ 258,317	\$ 270,718	\$ 268,390	\$ 2,328
Judicial:				
Circuit court	184,345	192,554	192,524	30
Circuit court - family division	33,423	33,423	33,246	177
District court	469,884	471,094	469,622	1,472
Friend of the court	233,238	239,538	239,468	70
Jury commission	2,400	2,400	2,339	61
Probate court	285,487	288,287	288,272	15
Juvenile agent	203,986	196,986	195,412	1,574
Public guardian	117,457	123,157	123,145	12
Adult probation	800	800	292	508
Comm corrections advisory board	63,480	63,480	35,224	28,256
Comm corrections planning	24,374	26,979	26,975	4
Family counseling	1,000	1,000	770	230
Total judicial	1,619,874	1,639,698	1,607,289	32,409
General government:				
County clerk	219,615	230,282	229,874	408
Equalization	148,592	149,667	146,520	3,147
Tax mapping	84,545	84,545	84,109	436
County survey remonumentation	97,558	97,558	95,469	2,089
County treasurer	183,236	183,236	180,927	2,309
Computer information systems	179,342	186,342	187,292	(950)
GIS	15,750	15,750	14,623	1,127
Elections	24,000	40,700	40,657	43
MSU extension	140,059	140,059	135,172	4,887
Huron county annex	25,100	25,100	24,572	528
Courthouse & grounds	328,827	333,827	333,759	68
Expo center	15,150	17,650	17,622	28
Prosecuting attorney	435,290	455,750	453,870	1,880
Register of deeds	118,579	127,779	125,609	2,170
County property	34,150	32,600	32,422	178
County vehicle maintenance	13,400	13,400	10,420	2,980
Legal counsel	29,094	12,794	12,666	128
Drain commission	148,074	148,174	148,102	72
MSU parenting program	30,401	30,401	15,418	14,983
Huron soil conservation district	9,000	9,000	9,000	-
Underground water supply	11,750	11,750	9,100	2,650
Total general government	2,291,512	2,346,364	2,307,203	39,161

General Fund
Schedule of Expenditures by Activity
Budget and Actual
For the Year Ended December 31, 2007
(Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Public safety:				
Sheriff	1,492,418	1,434,408	1,429,787	4,621
Criminal justice training	6,000	7,000	6,321	679
Marine safety	35,808	35,808	24,817	10,991
Secondary road patrol	133,172	133,172	133,090	82
Firefighters training	4,100	4,200	4,124	76
Jail operations	1,053,268	1,143,109	1,142,356	753
Emergency service	49,248	50,548	50,497	51
Animal control	32,512	35,912	35,035	877
Ambulance	25,700	25,700	25,200	500
Planning commission				
Board of appeals	71,900	73,100	73,014	86
Total public safety	2,904,126	2,942,957	2,924,241	18,716
Public works:				
Department of public works	1,875	1,875	741	1,134
Drain at-large	352,548	352,548	346,710	5,838
Roads	-	7,000	6,311	689
County landfills	6,250	6,250	2,369	3,881
Total public works	360,673	367,673	356,131	11,542
Health and welfare:				
Medical examiners	13,800	19,800	18,467	1,333
Mental health	193,250	193,250	193,250	-
Substance abuse	72,662	72,662	71,158	1,504
Total health and welfare	279,712	285,712	282,875	2,837
Economic development:				
Economic development corporation	105,800	105,800	105,800	-
Recreation and cultural:				
Ice arena	52,224	57,424	57,385	39
Fair board	7,000	7,000	7,000	-
Nature center	1,000	1,000	1,000	-
Total recreation and cultural	60,224	65,424	65,385	39

General Fund
Schedule of Expenditures by Activity
Budget and Actual
For the Year Ended December 31, 2007
(Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Other:				
Employees' hospital insurance	1,201,600	1,123,000	1,122,913	87
Other fringe benefits	30	130	90	40
Insurance	251,100	251,100	250,601	499
Bonds	7,000	7,000	5,734	1,266
Unemployment insurance	2,000	2,000	958	1,042
Workmen's comp insurance	40,000	35,500	35,402	98
Contingency	213,109	6,845	-	6,845
Total other	1,714,839	1,425,575	1,415,698	9,877
Debt service:				
Principal	150,000	150,000	150,000	-
Interest and paying agent fees	29,000	29,000	28,972	28
Total debt service	179,000	179,000	178,972	28
Total expenditures	<u>\$ 9,774,077</u>	<u>\$ 9,628,921</u>	<u>\$ 9,511,984</u>	<u>\$ 116,937</u>

Huron County, Michigan

General Fund
Schedule of Operating Transfers
Budget and Actual
For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating Transfers In:				
100% Tax payment	\$ 299,561	\$ 299,561	\$ 299,561	\$ -
Revenue reserve	720,872	723,663	723,663	-
Forfeiture and foreclosure	45,150	45,150	45,150	-
Total operating transfers in	<u>\$ 1,065,583</u>	<u>\$ 1,068,374</u>	<u>\$ 1,068,374</u>	<u>\$ -</u>
Operating Transfers Out:				
Child care	\$ 550,000	\$ 765,000	\$ 765,000	\$ -
Health department				
Contagious disease	20,000	20,200	20,200	-
Department of human services	19,000	19,000	19,000	-
Public improvement	100,000	100,000	100,000	-
Health department	229,225	325,031	323,097	1,934
Airport	103,500	114,148	114,148	-
Retirees' health insurance	630,000	930,000	930,000	-
Law library	30,500	32,600	32,600	-
Total operating transfers out	<u>\$ 1,682,225</u>	<u>\$ 2,305,979</u>	<u>\$ 2,304,045</u>	<u>\$ 1,934</u>

Special Revenue Fund
Health Department
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Licenses and permits	\$ 164,297	\$ 158,842	\$ 172,099	\$ 13,257
Federal grants	828,206	840,504	1,097,496	256,992
State grants	149,605	151,827	197,650	45,823
Charges for services	928,460	844,288	861,196	16,908
Other	46,485	41,023	42,866	1,843
Total revenues	2,117,053	2,036,484	2,371,307	334,823
Expenditures:				
Health and welfare	2,430,240	2,403,928	2,739,970	(336,042)
Excess of revenues under expenditures	(313,187)	(367,444)	(368,663)	(1,219)
Other financing sources:				
Operating transfers in	284,220	367,445	350,288	(17,157)
Excess of revenues and other financing sources over (under) expenditures	(28,967)	1	(18,375)	(18,376)
Fund balance, beginning of year	537,642	537,642	537,642	-
Fund balance, end of year	<u>\$ 508,675</u>	<u>\$ 537,643</u>	<u>\$ 519,267</u>	<u>\$ (18,376)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 1,505,686	\$ 1,505,686	\$ 1,491,204	\$ (14,482)
Interest	10,000	10,000	23,142	13,142
Total revenues	1,515,686	1,515,686	1,514,346	(1,340)
Expenditures:				
Other	1,515,686	1,515,686	1,510,345	5,341
Excess of revenues over expenditures	-	-	4,001	4,001
Fund balance, beginning of year	1,696	1,696	1,696	-
Fund balance, end of year	\$ 1,696	\$ 1,696	\$ 5,697	\$ 4,001

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest	\$ 150,000	\$ 150,000	\$ 134,406	\$ (15,594)
Other financing uses:				
Operating transfers out	(720,872)	(723,663)	(723,663)	-
Excess of revenues under other financing uses	(570,872)	(573,663)	(589,257)	(15,594)
Fund balance, beginning of year	4,196,904	4,196,904	4,196,904	-
Fund balance, end of year	<u>\$ 3,626,032</u>	<u>\$ 3,623,241</u>	<u>\$ 3,607,647</u>	<u>\$ (15,594)</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
State grants	\$ 28,000	\$ 27,000	\$ 27,046	\$ 46
Interest	-	6,800	7,884	1,084
Rents	1,030,000	1,039,000	1,048,389	9,389
Other	-	-	6,349	6,349
Total revenues	1,058,000	1,072,800	1,089,668	16,868
Expenditures:				
Recreation and cultural	1,088,000	1,035,000	990,136	44,864
Excess of revenues under expenditures	(30,000)	37,800	99,532	61,732
Fund balance, beginning of year	107,495	107,495	107,495	-
Fund balance, end of year	\$ 77,495	\$ 145,295	\$ 207,027	\$ 61,732

SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

	Friend of the Court	Public Improvement Fund	Building Department
Assets			
Cash and cash equivalents	\$ -	\$ 1,792	\$ -
Investments	-	-	-
Receivables			
Property taxes	-	-	-
Accounts and interest	-	-	-
Due from other funds	156,826	72,364	143,814
Due from other governmental units	-	-	-
Advances	-	-	-
Total assets	<u>\$ 156,826</u>	<u>\$ 74,156</u>	<u>\$ 143,814</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ 1,000	\$ 813
Accrued liabilities	-	-	5,142
Due to component units	-	-	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	1,000	5,955
Fund balance:			
Unreserved	<u>156,826</u>	<u>73,156</u>	<u>137,859</u>
Total liabilities and fund balance	<u>\$ 156,826</u>	<u>\$ 74,156</u>	<u>\$ 143,814</u>

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2007

SPECIAL REVENUE FUNDS

<u>Homestead Pre-Audit</u>	<u>Register of Deeds Automation</u>	<u>Disaster Contingency Fund</u>	<u>Local Correction Officer's Training</u>
\$ 1,582	\$ 56,260	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	2,500	5,242
-	-	-	-
-	-	-	-
<u>\$ 1,582</u>	<u>\$ 56,260</u>	<u>\$ 2,500</u>	<u>\$ 5,242</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,582</u>	<u>56,260</u>	<u>2,500</u>	<u>5,242</u>
<u>\$ 1,582</u>	<u>\$ 56,260</u>	<u>\$ 2,500</u>	<u>\$ 5,242</u>

SPECIAL REVENUE FUNDS

	<u>Airport</u>	<u>Emergency Phone Service</u>	<u>Drug Law Enforcement</u>
Assets			
Cash and cash equivalents	\$ -	\$ 152,615	\$ 500
Investments	-	426,335	-
Receivables			
Property taxes	-	-	-
Accounts and interest	-	123,048	-
Due from other funds	80,010	112,943	5,714
Due from other governmental units	-	-	-
Advances	21,765	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 101,775</u>	<u>\$ 814,941</u>	<u>\$ 6,214</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ 18,594	\$ -
Accrued liabilities	-	14,283	-
Due to component units	75,793	-	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	75,793	32,877	-
Fund balance:			
Unreserved	<u>25,982</u>	<u>782,064</u>	<u>6,214</u>
Total liabilities and fund balance	<u>\$ 101,775</u>	<u>\$ 814,941</u>	<u>\$ 6,214</u>

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2007
(Continued)

SPECIAL REVENUE FUNDS

<u>Law Library</u>	<u>Community Development Grant</u>	<u>Revolving Loan Fund</u>	<u>Department of Human Services</u>
\$ -	\$ -	\$ 448,738	\$ 18,276
-	-	-	-
-	-	-	-
-	-	63,145	-
1,696	-	-	12,407
-	12,186	-	15,685
-	-	-	-
<u>\$ 1,696</u>	<u>\$ 12,186</u>	<u>\$ 511,883</u>	<u>\$ 46,368</u>
\$ -	\$ 12,186	\$ -	\$ 5,856
-	-	-	-
-	-	-	-
-	-	-	29,000
-	-	63,145	174
-	-	-	-
-	12,186	63,145	35,030
1,696	-	448,738	11,338
<u>\$ 1,696</u>	<u>\$ 12,186</u>	<u>\$ 511,883</u>	<u>\$ 46,368</u>

SPECIAL REVENUE FUNDS

	Child Care	Soldiers' Relief	Veterans' Trust
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables			
Property taxes	-	-	-
Accounts and interest	-	-	-
Due from other funds	101,516	434	155
Due from other governmental units	3,510	-	-
Advances	-	-	-
Total assets	<u>\$ 105,026</u>	<u>\$ 434</u>	<u>\$ 155</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 99,565	\$ -	\$ -
Accrued liabilities	-	-	-
Due to component units	-	-	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
Total liabilities	99,565	-	-
Fund balance:			
Unreserved	<u>5,461</u>	<u>434</u>	<u>155</u>
Total liabilities and fund balance	<u>\$ 105,026</u>	<u>\$ 434</u>	<u>\$ 155</u>

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2007
(Continued)

Veterans' Affairs	Older Citizens' Fund	Retirees' Health Insurance	Total
\$ -	\$ 141,768	\$ 462,673	\$ 1,284,204
-	211,513	100,000	737,848
126,684	320,490	-	447,174
-	7,238	3,466	196,897
11,216	-	326,044	1,032,881
-	-	-	31,381
-	-	-	21,765
<u>\$ 137,900</u>	<u>\$ 681,009</u>	<u>\$ 892,183</u>	<u>\$ 3,752,150</u>
\$ 207	\$ -	\$ -	138,221
1,484	-	-	20,909
-	-	-	75,793
-	-	-	29,000
<u>126,684</u>	<u>320,491</u>	<u>-</u>	<u>510,494</u>
128,375	320,491	-	774,417
<u>9,525</u>	<u>360,518</u>	<u>892,183</u>	<u>2,977,733</u>
<u>\$ 137,900</u>	<u>\$ 681,009</u>	<u>\$ 892,183</u>	<u>\$ 3,752,150</u>

SPECIAL REVENUE FUNDS

	Friend of the Court	Public Improvement Fund	Building Department
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	407,773
Federal grants	-	-	-
State grants	-	-	-
Charges for services	10,729	-	-
Fines and forfeitures	-	-	-
Interest	-	85	-
Rents	-	-	-
Other	-	12,271	44
Total revenues	10,729	12,356	407,817
Expenditures:			
Current			
Judicial	10,756	-	-
General government	-	54,443	-
Public safety	-	-	325,347
Public works	-	-	-
Health and welfare	-	-	-
Economic development	-	-	-
Other	-	-	-
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Total expenditures	10,756	54,443	325,347
Excess of revenues over (under) expenditures	(27)	(42,087)	82,470
Other financing sources (uses):			
Operating transfers in	-	100,000	-
Operating transfers out	-	-	(9,281)
Total other financing sources (uses)	-	100,000	(9,281)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(27)	57,913	73,189
Fund balance, beginning of year	156,853	15,243	64,670
Fund balance, end of year	<u>\$ 156,826</u>	<u>\$ 73,156</u>	<u>\$ 137,859</u>

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2007

SPECIAL REVENUE FUNDS

Homestead Pre-Audit	Register of Deeds Automation	Disaster Contingency Fund	Local Correction Officer's Training
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	44,880	-	11,540
-	-	-	-
11	242	-	-
-	-	-	-
-	-	-	-
11	45,122	-	11,540
-	-	-	-
316	27,469	-	-
-	-	-	13,909
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
316	27,469	-	13,909
(305)	17,653	-	(2,369)
-	-	-	-
-	-	-	-
-	-	-	-
(305)	17,653	-	(2,369)
1,887	38,607	2,500	7,611
\$ 1,582	\$ 56,260	\$ 2,500	\$ 5,242

SPECIAL REVENUE FUNDS

	<u>Airport</u>	<u>Emergency Phone Service</u>	<u>Drug Law Enforcement</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal grants	370,997	550	-
State grants	82,104	-	-
Charges for services	3,473	837,363	-
Fines and forfeitures	-	-	1,526
Interest	-	28,552	-
Rents	6,708	-	-
Other	11	10,786	-
Total revenues	463,293	877,251	1,526
Expenditures:			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	792,432	942
Public works	565,900	-	-
Health and welfare	-	-	-
Economic development	-	-	-
Other	-	-	-
Debt service			
Principal	1,573	-	-
Interest and fees	150	-	-
Total expenditures	567,623	792,432	942
Excess of revenues over (under) expenditures	(104,330)	84,819	584
Other financing sources (uses):			
Operating transfers in	114,148	-	-
Operating transfers out	-	(60,000)	-
Total other financing sources (uses)	114,148	(60,000)	-
Net change in fund balance	9,818	24,819	584
Fund balance, beginning of year	16,164	757,245	5,630
Fund balance, end of year	\$ 25,982	\$ 782,064	\$ 6,214

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2007
(Continued)

SPECIAL REVENUE FUNDS

<u>Law Library</u>	<u>Community Development Grant</u>	<u>Revolving Loan Fund</u>	<u>Department of Human Services</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	145,407	-	-
-	-	-	197,414
-	-	-	-
4,500	-	-	-
-	-	23,410	-
-	-	-	-
-	-	39,379	10,930
4,500	145,407	62,789	208,344
37,002	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	223,635
-	145,407	9,000	-
-	-	-	-
-	-	-	-
37,002	145,407	9,000	223,635
(32,502)	-	53,789	(15,291)
32,600	-	-	19,000
-	-	-	-
32,600	-	-	19,000
98	-	53,789	3,709
1,598	-	394,949	7,629
\$ 1,696	\$ -	\$ 448,738	\$ 11,338

SPECIAL REVENUE FUNDS

	Child Care	Soldiers' Relief	Veterans' Trust
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal grants	-	-	-
State grants	104,011	-	11,965
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Rents	-	-	-
Other	51,712	240	-
Total revenues	155,723	240	11,965
Expenditures:			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	920,409	3,048	12,744
Economic development	-	-	-
Other	-	-	-
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Total expenditures	920,409	3,048	12,744
Excess of revenues over (under) expenditures	(764,686)	(2,808)	(779)
Other financing sources (uses):			
Operating transfers in	765,000	3,000	-
Operating transfers out	-	-	-
Total other financing sources (uses)	765,000	3,000	-
Net change in fund balance	314	192	(779)
Fund balance, beginning of year	5,147	242	934
Fund balance, end of year	\$ 5,461	\$ 434	\$ 155

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2007
(Continued)

<u>Veterans'</u> <u>Affairs</u>	<u>Older</u> <u>Citizens'</u> <u>Fund</u>	<u>Retirees'</u> <u>Health</u> <u>Insurance</u>	<u>Total</u>
\$ 118,525	\$ 297,628	\$ -	\$ 416,153
-	-	-	407,773
-	-	-	516,954
-	-	-	395,494
-	-	9,641	917,626
-	-	-	6,026
-	19,299	15,973	87,572
-	-	-	6,708
12,668	-	-	138,041
<u>131,193</u>	<u>316,927</u>	<u>25,614</u>	<u>2,892,347</u>
-	-	-	47,758
-	-	-	82,228
-	-	-	1,132,630
-	-	-	565,900
112,668	288,922	-	1,561,426
-	-	-	154,407
-	-	458,598	458,598
-	-	-	1,573
-	-	-	150
<u>112,668</u>	<u>288,922</u>	<u>458,598</u>	<u>4,004,670</u>
18,525	28,005	(432,984)	(1,112,323)
-	-	1,005,281	2,039,029
(9,000)	(33,000)	-	(111,281)
<u>(9,000)</u>	<u>(33,000)</u>	<u>1,005,281</u>	<u>1,927,748</u>
9,525	(4,995)	572,297	815,425
-	365,513	319,886	2,162,308
<u>\$ 9,525</u>	<u>\$ 360,518</u>	<u>\$ 892,183</u>	<u>\$ 2,977,733</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

FRIEND OF THE COURT

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 10,680	\$ 10,729	\$ 49
Expenditures:			
Judicial	<u>11,030</u>	<u>10,756</u>	<u>274</u>
Excess of revenues over (under) expenditures	(350)	(27)	323
Fund balance, beginning of year	<u>156,853</u>	<u>156,853</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 156,503</u></u>	<u><u>\$ 156,826</u></u>	<u><u>\$ 323</u></u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

PUBLIC IMPROVEMENT FUND

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 85	\$ (15)
Other	10,000	12,271	2,271
Total revenues	10,100	12,356	2,256
Expenditures:			
General government	100,100	54,443	45,657
Excess of revenues over (under) expenditures	(90,000)	(42,087)	47,913
Other financing sources:			
Operating transfers in	100,000	100,000	-
Excess of revenues and other financing sources over expenditures	10,000	57,913	47,913
Fund balance, beginning of year	15,243	15,243	-
Fund balance, end of year	<u>\$ 25,243</u>	<u>\$ 73,156</u>	<u>\$ 47,913</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

BUILDING DEPARTMENT

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Licenses and permits	\$ 380,000	\$ 407,773	\$ 27,773
Other	100	44	(56)
Total revenues	380,100	407,817	27,717
Expenditures:			
Public safety	335,701	325,347	10,354
Excess of revenues over expenditures	44,399	82,470	38,071
Other financing uses:			
Operating transfers out	(44,399)	(9,281)	35,118
Excess of revenues over expenditures and other financing uses	-	73,189	73,189
Fund balance, beginning of year	64,670	64,670	-
Fund balance, end of year	\$ 64,670	\$ 137,859	\$ 73,189

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

HOMESTEAD PRE-AUDIT

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest	\$ -	\$ 11	\$ 11
Expenditures:			
General government	-	316	(316)
Excess of revenues under expenditures	-	(305)	(305)
Fund balance, beginning of year	1,887	1,887	-
Fund balance, end of year	<u>\$ 1,887</u>	<u>\$ 1,582</u>	<u>\$ (305)</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

REGISTER OF DEEDS AUTOMATION

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 45,000	\$ 44,880	\$ (120)
Interest	100	242	142
Total revenues	45,100	45,122	22
Expenditures:			
General government	47,000	27,469	19,531
Excess of revenues over (under) expenditures	(1,900)	17,653	19,553
Fund balance, beginning of year	38,607	38,607	-
Fund balance, end of year	<u>\$ 36,707</u>	<u>\$ 56,260</u>	<u>\$ 19,553</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

DISASTER CONTINGENCY FUND

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Other	\$ -	\$ -	\$ -
Expenditures:			
General government	-	-	-
Excess of revenues over expenditures	-	-	-
Fund balance, beginning of year	2,500	2,500	-
Fund balance, end of year	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

LOCAL CORRECTION OFFICER'S TRAINING

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 10,500	\$ 11,540	\$ 1,040
Expenditures:			
Public safety	12,160	13,909	(1,749)
Excess of revenues under expenditures	(1,660)	(2,369)	(709)
Fund balance, beginning of year	7,611	7,611	-
Fund balance, end of year	<u>\$ 5,951</u>	<u>\$ 5,242</u>	<u>\$ (709)</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

AIRPORT

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal grants	\$ -	\$ 370,997	\$ 370,997
State grants	-	82,104	82,104
Charges for services	3,050	3,473	423
Rents	6,500	6,708	208
Other	-	11	11
	<u>9,550</u>	<u>463,293</u>	<u>453,743</u>
Total revenues			
Expenditures:			
Public works	106,948	565,900	(458,952)
Debt service			
Principal	1,600	1,573	27
Interest and fees	150	150	-
	<u>108,698</u>	<u>567,623</u>	<u>(458,925)</u>
Total expenditures			
Excess of revenues under expenditures	(99,148)	(104,330)	(5,182)
Other financing sources:			
Operating transfers in	114,148	114,148	-
Excess of revenues and other financing sources over (under) expenditures	15,000	9,818	(5,182)
Fund balance, beginning of year	16,164	16,164	-
Fund balance, end of year	<u>\$ 31,164</u>	<u>\$ 25,982</u>	<u>\$ (5,182)</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

EMERGENCY PHONE SERVICE

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal grants	\$ -	\$ 550	\$ 550
Charges for services	826,200	837,363	11,163
Interest	15,000	28,552	13,552
Other	10,787	10,786	(1)
Total revenues	851,987	877,251	25,264
Expenditures:			
Public safety	907,877	792,432	115,445
Excess of revenues over (under) expenditures	(55,890)	84,819	140,709
Other financing uses:			
Operating transfers out	(60,000)	(60,000)	-
Excess of revenues over (under) expenditures and other financing uses	(115,890)	24,819	140,709
Fund balance, beginning of year	757,245	757,245	-
Fund balance, end of year	\$ 641,355	\$ 782,064	\$ 140,709

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

DRUG LAW ENFORCEMENT

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Fines and forfeitures	\$ -	\$ 1,526	\$ 1,526
Expenditures:			
Public safety	1,700	942	758
Excess of revenues over (under) expenditures	(1,700)	584	2,284
Fund balance, beginning of year	5,630	5,630	-
Fund balance, end of year	<u>\$ 3,930</u>	<u>\$ 6,214</u>	<u>\$ 2,284</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

	LAW LIBRARY		
	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 4,500	\$ 4,500	\$ -
Expenditures:			
Judicial	<u>37,100</u>	<u>37,002</u>	<u>98</u>
Excess of revenues over (under) expenditures	(32,600)	(32,502)	98
Other financing sources:			
Operating transfers in	<u>32,600</u>	<u>32,600</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	-	98	98
Fund balance, beginning of year	<u>1,598</u>	<u>1,598</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,598</u></u>	<u><u>\$ 1,696</u></u>	<u><u>\$ 98</u></u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

COMMUNITY DEVELOPMENT GRANT

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal grants	\$ 150,000	\$ 145,407	\$ (4,593)
Expenditures:			
Economic development	150,000	145,407	4,593
Excess of revenues over expenditures	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

REVOLVING LOAN FUND

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest	\$ 16,900	\$ 23,410	\$ 6,510
Other	2,832	39,379	36,547
Total revenues	19,732	62,789	43,057
Expenditures:			
Economic development	39,900	9,000	30,900
Excess of revenues over (under) expenditures	(20,168)	53,789	73,957
Fund balance, beginning of year	394,949	394,949	-
Fund balance, end of year	\$ 374,781	\$ 448,738	\$ 73,957

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

DEPARTMENT OF HUMAN SERVICES

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
State grants	\$ 200,000	\$ 197,414	\$ (2,586)
Other	<u>15,000</u>	<u>10,930</u>	<u>(4,070)</u>
Total revenues	215,000	208,344	(6,656)
Expenditures:			
Health and welfare	<u>225,000</u>	<u>223,635</u>	<u>1,365</u>
Excess of revenues under expenditures	(10,000)	(15,291)	(5,291)
Other financing sources:			
Operating transfers in	<u>19,000</u>	<u>19,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	9,000	3,709	(5,291)
Fund balance, beginning of year	<u>7,629</u>	<u>7,629</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 16,629</u></u>	<u><u>\$ 11,338</u></u>	<u><u>\$ (5,291)</u></u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

	CHILD CARE		
	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
State grants	\$ 103,500	\$ 104,011	\$ 511
Other	53,000	51,712	(1,288)
Total revenues	156,500	155,723	(777)
Expenditures:			
Health and welfare	921,500	920,409	1,091
Excess of revenues over (under) expenditures	(765,000)	(764,686)	314
Other financing sources:			
Operating transfers in	765,000	765,000	-
Excess of revenues and other financing sources over expenditures	-	314	314
Fund balance, beginning of year	5,147	5,147	-
Fund balance, end of year	<u>\$ 5,147</u>	<u>\$ 5,461</u>	<u>\$ 314</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

SOLDIERS' RELIEF

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Other	\$ 200	\$ 240	\$ 40
Expenditures:			
Health and welfare	3,200	3,048	152
Excess of revenues over (under) expenditures	(3,000)	(2,808)	192
Other financing sources:			
Operating transfers in	3,000	3,000	-
Excess of revenues and other financing sources over expenditures	-	192	192
Fund balance, beginning of year	242	242	-
Fund balance, end of year	<u>\$ 242</u>	<u>\$ 434</u>	<u>\$ 192</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

VETERANS' TRUST

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
State grants	\$ 11,965	\$ 11,965	\$ -
Expenditures:			
Health and welfare	12,765	12,744	21
Excess of revenues under expenditures	(800)	(779)	21
Fund balance, beginning of year	934	934	-
Fund balance, end of year	<u>\$ 134</u>	<u>\$ 155</u>	<u>\$ 21</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

VETERANS' AFFAIRS

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 120,313	\$ 118,525	\$ (1,788)
Other	11,400	12,668	1,268
Total revenues	131,713	131,193	(520)
Expenditures:			
Health and welfare	122,751	112,668	10,083
Excess of revenues under expenditures	8,962	18,525	9,563
Other financing uses:			
Operating transfers out	(8,962)	(9,000)	(38)
Excess of revenues and other financing sources over expenditures	-	9,525	9,525
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ 9,525	\$ 9,525

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

OLDER CITIZENS' FUND

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 300,614	\$ 297,628	\$ (2,986)
Interest	14,000	19,299	5,299
Total revenues	314,614	316,927	2,313
Expenditures:			
Health and welfare	289,086	288,922	164
Excess of revenues over expenditures	25,528	28,005	2,477
Other financing uses:			
Operating transfers out	(33,000)	(33,000)	-
Excess of revenues over expenditures and other financing uses	(7,472)	(4,995)	2,477
Fund balance, beginning of year	365,513	365,513	-
Fund balance, end of year	<u>\$ 358,041</u>	<u>\$ 360,518</u>	<u>\$ 2,477</u>

Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

RETIREEES' HEALTH INSURANCE

	Amended Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	9,641	9,641	\$ -
Interest	15,800	15,973	173
Total revenues	25,441	25,614	173
Expenditures:			
Other	460,000	458,598	1,402
Excess of revenues under expenditures	(434,559)	(432,984)	(1,229)
Other financing sources (uses):			
Operating transfers in	1,005,281	1,005,281	-
Operating transfers out	(261,741)	-	261,741
Total other financing sources (uses)	743,540	1,005,281	261,741
Excess of revenues and other financing sources over expenditures and other financing uses	308,981	572,297	260,512
Fund balance, beginning of year	319,886	319,886	-
Fund balance, end of year	\$ 628,867	\$ 892,183	\$ 260,512

NONMAJOR ENTERPRISE FUNDS

**Nonmajor Enterprise Fund
Statement of Net Assets
December 31, 2007**

	<u>Commissary Fund</u>
Assets:	
Due from other funds	\$ 24,121
Liabilities:	
Accounts payable	<u>430</u>
Net assets:	
Unrestricted	<u>\$ 23,691</u>

**Nonmajor Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2007**

	<u>Commissary Fund</u>
Operating revenues:	
Charges for services	\$ 43,537
Operating expenses:	
Supplies	<u>40,084</u>
Operating income	3,453
Net assets, beginning of year	<u>20,238</u>
Net assets, end of year	<u><u>\$ 23,691</u></u>

**Nonmajor Enterprise Fund
Statement of Cash Flows
For the Year Ended December 31, 2007**

	Commissary Fund
Cash flows from operating activities:	
Cash receipts from customers	\$ 43,537
Cash payments to suppliers	(40,013)
Internal activity	(3,524)
	<hr/>
Net cash provided by operating activities	-
Cash and cash equivalents, beginning of year	<hr/> -
Cash and cash equivalents, end of year	<hr/> <hr/> \$ -
 Reconciliation of net income to net cash provided by operating activities:	
Operating income for the year	\$ 3,453
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in assets and liabilities:	
Due from other funds	(3,524)
Accounts payable	71
	<hr/>
Net cash provided by operating activities	<hr/> <hr/> \$ -

DELINQUENT TAX REVOLVING FUNDS

Huron County, Michigan

	State Education Tax Collect	Forfeiture and Foreclosure	100% Tax Payment	2002 Delinquent Revolving
Assets:				
Current assets:				
Cash and cash equivalents	\$ 59,060	\$ 140,349	\$ 1,269,437	-
Investments	-	210,294	834,400	-
Accounts receivable				
Property taxes	-	-	218,036	-
Accounts and interest	-	8,092	19,917	-
Due from other funds	-	-	976,352	-
Due from other governmental units	-	-	-	-
Total current assets	59,060	358,735	3,318,142	-
Non-current assets:				
Delinquent taxes	-	-	97,321	-
Total assets	59,060	358,735	3,415,463	-
Liabilities:				
Current liabilities:				
Accounts payable	-	-	677	-
Due to other governmental units	7,164	180	-	-
Due to other funds	-	-	-	-
Total liabilities	7,164	180	677	-
Net assets:				
Restricted				
Foreclosure	-	358,555	-	-
Tax administration	-	-	12,171	-
Unrestricted	51,896	-	3,402,615	-
Total net assets	\$ 51,896	\$ 358,555	\$ 3,414,786	\$ -

Delinquent Tax Revolving
Combining Statement of Net Assets
December 31, 2007

<u>2003</u> <u>Delinquent</u> <u>Revolving</u>	<u>2004</u> <u>Delinquent</u> <u>Revolving</u>	<u>2005</u> <u>Delinquent</u> <u>Revolving</u>	<u>2006</u> <u>Delinquent</u> <u>Revolving</u>	<u>2007</u> <u>Delinquent</u> <u>Revolving</u>	<u>Total</u>
\$ 11,786	\$ 17,327	\$ 282,619	\$ 171,969	\$ 2,877	\$ 1,955,424
352,798	200,000	-	-	-	1,597,492
531	1,528	114,179	1,026,466	-	1,360,740
9,082	6,513	-	-	-	43,604
-	202,275	-	-	-	1,178,627
-	3,314	8,565	12,938	-	24,817
374,197	430,957	405,363	1,211,373	2,877	6,160,704
-	-	1,728	167,269	-	266,318
374,197	430,957	407,091	1,378,642	2,877	6,427,022
-	-	-	-	-	677
-	-	-	-	-	7,344
-	-	-	1,177,275	-	1,177,275
-	-	-	1,177,275	-	1,185,296
-	-	-	-	-	358,555
-	-	-	-	-	12,171
374,197	430,957	407,091	201,367	2,877	4,871,000
<u>\$ 374,197</u>	<u>\$ 430,957</u>	<u>\$ 407,091</u>	<u>\$ 201,367</u>	<u>\$ 2,877</u>	<u>\$ 5,241,726</u>

Huron County, Michigan

	State Education Tax Collect	Forfeiture and Foreclosure	100% Tax Payment	2002 Delinquent Revolving
Operating revenues:				
Charges for services	\$ 10,510	\$ 91,671	\$ 36,405	\$ -
Other	4,994	-	-	-
Total operating revenues	15,504	91,671	36,405	-
Operating expenses:				
Personal services	-	-	47,195	-
Supplies	1,901	9,299	-	-
Other services and charges	692	38,071	9,530	-
Total operating expenses	2,593	47,370	56,725	-
Operating income (loss)	12,911	44,301	(20,320)	-
Non-operating revenues:				
Interest	1,158	18,094	88,509	14,889
Net income before operating transfers	14,069	62,395	68,189	14,889
Operating transfers out:				
Operating transfers out	-	(45,150)	(299,561)	-
Net income (loss)	14,069	17,245	(231,372)	14,889
Net assets, beginning of year	37,827	341,310	3,253,079	378,190
Equity transfers	-	-	393,079	(393,079)
Net assets, end of year	\$ 51,896	\$ 358,555	\$ 3,414,786	\$ -

Delinquent Tax Revolving

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended December 31, 2007

2003 Delinquent Revolving	2004 Delinquent Revolving	2005 Delinquent Revolving	2006 Delinquent Revolving	2007 Delinquent Revolving	Total
\$ -	\$ 68,144	\$ 202,193	\$ 188,539	\$ 2,875	\$ 600,337
-	-	-	-	-	4,994
-	68,144	202,193	188,539	2,875	605,331
-	-	-	-	-	47,195
-	-	-	-	-	11,200
-	-	-	-	-	48,293
-	-	-	-	-	106,688
-	68,144	202,193	188,539	2,875	498,643
11,971	12,555	9,575	10,816	2	167,569
11,971	80,699	211,768	199,355	2,877	666,212
-	-	-	-	-	(344,711)
11,971	80,699	211,768	199,355	2,877	321,501
362,226	350,258	195,323	2,012	-	4,920,225
-	-	-	-	-	-
<u>\$ 374,197</u>	<u>\$ 430,957</u>	<u>\$ 407,091</u>	<u>\$ 201,367</u>	<u>\$ 2,877</u>	<u>\$ 5,241,726</u>

Huron County, Michigan

	State Education Tax Collect	Forfeiture and Foreclosure	100% Tax Payment	2002 Delinquent Revolving
Cash flows from operating activities:				
Cash receipts from customers	\$ 15,504	\$ 85,885	\$ 322,824	\$ 2,096
Cash payments to suppliers	2,288	(47,450)	(56,578)	-
Cash payments for delinquent taxes	-	-	(341,141)	-
Net cash provided (used) by operating activities	17,792	38,435	(74,895)	2,096
Cash flows from noncapital financing activities:				
Interfund borrowings - net	-	-	(436,337)	275,000
Equity transfers from (to) other funds	-	-	393,079	(393,079)
Operating transfers out	-	(45,150)	(299,561)	-
Net cash provided (used) by non-capital financing activities	-	(45,150)	(342,819)	(118,079)
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	204,807	1,751,513	-
Investment income	1,158	18,094	88,509	14,889
Purchases of investments	-	(210,294)	(984,400)	-
Net cash provided (used) by investing activities	1,158	12,607	855,622	14,889
Net increase (decrease) in cash and cash equivalents	18,950	5,892	437,908	(101,094)
Cash and cash equivalents, beginning of year	40,110	134,457	831,529	101,094
Cash and cash equivalents, end of year	<u>\$ 59,060</u>	<u>\$ 140,349</u>	<u>\$ 1,269,437</u>	<u>\$ -</u>
Reconciliation of net income to net cash provided (used) by operating activities:				
Operating income (loss) for the year	\$ 12,911	\$ 44,301	\$ (20,320)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
Receivables	-	(5,786)	(6,063)	-
Due from other governmental units	-	-	9,390	2,092
Delinquent taxes	-	-	(58,049)	4
Accounts payable	-	-	147	-
Due to other governmental units	4,881	(80)	-	-
Net cash provided (used) by operating activities	<u>\$ 17,792</u>	<u>\$ 38,435</u>	<u>\$ (74,895)</u>	<u>\$ 2,096</u>

Delinquent Tax Revolving
Combining Statement of Cash Flows
For the Year Ended December 31, 2007

2003 Delinquent Revolving	2004 Delinquent Revolving	2005 Delinquent Revolving	2006 Delinquent Revolving	2007 Delinquent Revolving	Total
\$ (8,024)	\$ 232,496	\$ 1,246,412	\$ 2,327,249	\$ 2,875	\$ 4,227,317
-	-	-	-	-	(101,740)
-	-	-	(3,345,383)	-	(3,686,524)
(8,024)	232,496	1,246,412	(1,018,134)	2,875	439,053
350,000	(202,275)	(1,164,979)	1,177,275	-	(1,316)
-	-	-	-	-	-
-	-	-	-	-	(344,711)
350,000	(202,275)	(1,164,979)	1,177,275	-	(346,027)
-	-	-	-	-	1,956,320
11,971	12,555	9,575	10,816	2	167,569
(352,798)	(200,000)	-	-	-	(1,747,492)
(340,827)	(187,445)	9,575	10,816	2	376,397
1,149	(157,224)	91,008	169,957	2,877	469,423
10,637	174,551	191,611	2,012	-	1,486,001
<u>\$ 11,786</u>	<u>\$ 17,327</u>	<u>\$ 282,619</u>	<u>\$ 171,969</u>	<u>\$ 2,877</u>	<u>\$ 1,955,424</u>
\$ -	\$ 68,144	\$ 202,193	\$ 188,539	\$ 2,875	\$ 498,643
(9,082)	(6,513)	-	(1,026,466)	-	(1,053,910)
940	(674)	(6,020)	(12,938)	-	(7,210)
118	171,539	1,050,239	(167,269)	-	996,582
-	-	-	-	-	147
-	-	-	-	-	4,801
<u>\$ (8,024)</u>	<u>\$ 232,496</u>	<u>\$ 1,246,412</u>	<u>\$ (1,018,134)</u>	<u>\$ 2,875</u>	<u>\$ 439,053</u>

NONMAJOR INTERNAL SERVICE FUNDS

Nonmajor Internal Service Funds
Combining Statement of Net Assets
December 31, 2007

	Workers Compensation Fund	Fringe Benefits Fund	Total
Assets:			
Due from other funds	\$ 768,000	\$ 905,047	\$ 1,673,047
Prepaid expenses	<u>39,209</u>	<u>62,002</u>	<u>101,211</u>
Total assets	807,209	967,049	1,774,258
Liabilities:			
Accounts payable	129,822	467,049	596,871
Deferred revenue	<u>73,679</u>	<u>-</u>	<u>73,679</u>
Total liabilities	<u>203,501</u>	<u>467,049</u>	<u>670,550</u>
Net assets:			
Unrestricted	<u>\$ 603,708</u>	<u>\$ 500,000</u>	<u>\$ 1,103,708</u>

Nonmajor Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2007

	Workers Compensation Fund	Fringe Benefits Fund	Total
Operating revenues:			
Other	\$ 130,358	\$ 2,318,443	\$ 2,448,801
Operating expenses:			
Personal services	<u>64,663</u>	<u>2,311,795</u>	<u>2,376,458</u>
Operating income	65,695	6,648	72,343
Non-operating revenues:			
Interest	<u>33,649</u>	<u>-</u>	<u>33,649</u>
Net income	99,344	6,648	105,992
Net assets, beginning of year	<u>504,364</u>	<u>493,352</u>	<u>997,716</u>
Net assets, end of year	<u><u>\$ 603,708</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 1,103,708</u></u>

Nonmajor Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended December 31, 2007

	Workers Compensation Fund	Fringe Benefits Fund	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 87,480	\$ 2,074,232	\$ 2,161,712
Cash payments to suppliers	<u>(121,129)</u>	<u>(2,074,232)</u>	<u>(2,195,361)</u>
Net cash used by operating activities	(33,649)	-	(33,649)
Cash flows from investing activities:			
Investment income	<u>33,649</u>	<u>-</u>	<u>33,649</u>
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of net income to net cash used by operating activities:			
Operating income for the year	\$ 65,695	\$ 6,648	\$ 72,343
Adjustments to reconcile operating income to net cash used by operating activities			
Change in assets and liabilities:			
Receivables	(40,525)	(244,211)	(284,736)
Prepaid expenses	(2,353)	87,194	84,841
Accounts payable	(36,626)	150,369	113,743
Deferred revenue	<u>(19,840)</u>	<u>-</u>	<u>(19,840)</u>
Net cash used by operating activities	<u><u>\$ (33,649)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (33,649)</u></u>

FIDUCIARY FUNDS

Agency Funds
Combining Statement of Fiduciary Net Assets
December 31, 2007

	<u>Library Fund</u>	<u>Trust and Agency Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 61,527	\$ 244,679	\$ 306,206
Due from other funds	<u>9,038</u>	<u>767,589</u>	<u>776,627</u>
Total assets	<u><u>\$ 70,565</u></u>	<u><u>\$ 1,012,268</u></u>	<u><u>\$ 1,082,833</u></u>
Liabilities			
Accounts payable	\$ -	\$ 81,507	\$ 81,507
Undistributed tax collections	-	690,111	690,111
Due to other governmental units	<u>70,565</u>	<u>240,650</u>	<u>311,215</u>
Total liabilities	<u><u>\$ 70,565</u></u>	<u><u>\$ 1,012,268</u></u>	<u><u>\$ 1,082,833</u></u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
December 31, 2007

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
Assets		TOTAL AGENCY FUNDS		
Cash and cash equivalents	\$ 315,578	\$ 3,892,145	\$ 3,901,517	\$ 306,206
Due from other funds	903,663	29,626,157	29,753,193	776,627
Total assets	<u>\$ 1,219,241</u>	<u>\$ 33,518,302</u>	<u>\$ 33,654,710</u>	<u>\$ 1,082,833</u>
Liabilities				
Accounts payable	\$ 27,916	\$ 7,485,139	\$ 7,538,730	\$ 81,507
Undistributed tax collections	893,789	7,427,122	7,223,444	690,111
Due to other funds	-	3,994,570	3,994,570	-
Due to other governmental units	297,536	14,627,924	14,641,603	311,215
Total liabilities	<u>\$ 1,219,241</u>	<u>\$ 33,534,755</u>	<u>\$ 33,398,347</u>	<u>\$ 1,082,833</u>
Assets		LIBRARY FUND		
Cash and cash equivalents	\$ 60,988	\$ 121,032	\$ 120,493	\$ 61,527
Due from other funds	7,644	242,552	241,158	9,038
Total assets	<u>\$ 68,632</u>	<u>\$ 363,584</u>	<u>\$ 361,651</u>	<u>\$ 70,565</u>
Liabilities				
Due to other governmental units	<u>\$ 68,632</u>	<u>\$ 120,493</u>	<u>\$ 122,426</u>	<u>\$ 70,565</u>
Assets		TRUST AND AGENCY FUND		
Cash and cash equivalents	\$ 254,590	\$ 3,771,113	\$ 3,781,024	\$ 244,679
Due from other funds	896,019	29,383,605	29,512,035	767,589
Due from other government units	-	8	8	-
Total assets	<u>\$ 1,150,609</u>	<u>\$ 33,154,726</u>	<u>\$ 33,293,067</u>	<u>\$ 1,012,268</u>
Liabilities				
Accounts payable	\$ 27,916	\$ 7,485,139	\$ 7,538,730	\$ 81,507
Undistributed tax collections	893,789	7,427,122	7,223,444	690,111
Due to other funds	-	3,994,570	3,994,570	-
Due to other governmental units	228,904	14,507,431	14,519,177	240,650
Total liabilities	<u>\$ 1,150,609</u>	<u>\$ 33,414,262</u>	<u>\$ 33,275,921</u>	<u>\$ 1,012,268</u>

COMPONENT UNIT

DEPARTMENT OF PUBLIC WORKS

Department of Public Works
Balance Sheet
December 31, 2007

Assets

Cash and cash equivalents	\$ 452,862
Contracts receivable	<u>10,357,204</u>
Total assets	<u><u>\$ 10,810,066</u></u>

Liabilities and Fund Balance**Liabilities:**

Deferred revenue	\$ 10,357,204
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Fund balance:

Reserved	
Capital projects	452,695
Debt service	<u>167</u>
Total fund balance	<u>452,862</u>
Total liabilities and fund balance	<u><u>\$ 10,810,066</u></u>

**Reconciliation of Fund Balance on the Balance Sheet for the
Department of Public Works Fund to Net Assets of Governmental Activities
on the Statement of Net Assets
December 31, 2007**

Fund balance, DPW fund	\$ 452,862
Amounts not available in the DPW funds that increase the contract receivable on the government wide statements.	45,729
Amounts reported for governmental activities in the statement of net assets are different because:	
Due from other governmental units is not reported as revenues in the other funds until collected	10,357,204
Current liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest on bonds payable	(45,729)
Long-term debt is not due and payable in the current period and therefore is not reported in the funds	<u>(10,357,204)</u>
Net assets, DPW fund	<u>\$ 452,862</u>

Department of Public Works
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2007

Revenues:

Loan proceeds	\$ 4,243,088
Contributions from local units	1,212,179
Interest	<u>23,109</u>

Total revenues	5,478,376
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Expenditures:

Capital outlay	3,988,883
Debt service	
Principal	955,000
Interest and fees	<u>257,179</u>

Total expenditures	<u>5,201,062</u>
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Excess of revenues over expenditures	277,314
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Fund balance, beginning of year	<u>175,548</u>
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Fund balance, end of year	<u><u>\$ 452,862</u></u>
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**Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balance of Department of Public Works
to the Statement of Activities
December 31, 2007**

Net change in fund balance, DPW fund	\$ 277,314
Amounts billed to other governments for new construction.	4,243,088
Collections of amounts due from other governmental units is reported as revenue in the governmental funds, but the payments reduce the amount due from other governmental units in the statement of net assets.	(955,000)
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt reduces the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
Long-term debt proceeds	(4,243,088)
Principal payments on long-term debt	<u>955,000</u>
Change in net assets, DPW fund	<u><u>\$ 277,314</u></u>

COMPONENT UNIT

ECONOMIC DEVELOPMENT CORPORATION

**Economic Development Corporation
Balance Sheet
December 31, 2007****Assets**

Cash and cash equivalents	\$ 25,419
Receivables	
Accounts and interest	<u>8,247</u>
Total assets	<u><u>\$ 33,666</u></u>

Liabilities and Fund Balance**Liabilities:**

Payables and current liabilities	\$ 5,263
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Fund balance:

Unreserved	<u>28,403</u>
Total liabilities and fund balance	<u><u>\$ 33,666</u></u>

Economic Development Corporation
Statement of Revenues, Expenditures and Changes in Fund Balance
For The Year Ended December 31, 2007

Revenues:

Federal grants	\$ 15,695
Contributions from local units	105,800
Charges for services	67,324
Interest	<u>998</u>

Total revenues	189,817
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Expenditures:

Economic development	<u>198,859</u>
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Excess of revenues under expenditures	(9,042)
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Fund balance, beginning of year	<u>37,445</u>
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Fund balance, end of year	<u><u>\$ 28,403</u></u>
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SCHEDULES OF BOND INDEBTEDNESS

Huron County, Michigan**Schedule of Bond Indebtedness
Municipal Purchase Notes - Dates July 11, 2002
Summary Schedule*
December 31, 2007**

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
3/1/2008		3.625%	\$ 19,301	\$ 19,301
9/1/2008	\$ 350,000	3.625%	19,301	369,301
3/1/2009		3.600%	12,957	12,957
9/1/2009	365,000	3.600%	12,957	377,957
3/1/2010		3.750%	6,388	6,388
9/1/2010	165,000	3.750%	6,388	171,388
3/1/2011		3.875%	3,294	3,294
9/1/2011	<u>170,000</u>	3.875%	<u>3,294</u>	<u>173,294</u>
	<u>\$ 1,050,000</u>		<u>\$ 83,880</u>	<u>\$ 1,133,880</u>

*Included in this summary are the Jail and Medical Care Facility payment schedules. The detailed schedules follow.

Schedule of Bond Indebtedness
Municipal Purchase Note - Jail Project
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
3/1/2008		3.625%	\$ 11,986	\$ 11,986
9/1/2008	\$ 150,000	3.625%	11,986	161,986
3/1/2009		3.600%	9,267	9,267
9/1/2009	160,000	3.600%	9,267	169,267
3/1/2010		3.750%	6,388	6,388
9/1/2010	165,000	3.750%	6,388	171,388
3/1/2011		3.875%	3,294	3,294
9/1/2011	<u>170,000</u>	3.875%	<u>3,294</u>	<u>173,294</u>
	<u>\$ 645,000</u>		<u>\$ 61,870</u>	<u>\$ 706,870</u>

Schedule of Bond Indebtedness
Municipal Purchase Note - Medical Care Facility
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
3/1/2008		3.625%	\$ 7,315	\$ 7,315
9/1/2008	\$ 200,000	3.625%	7,315	207,315
3/1/2009		3.600%	3,690	3,690
9/1/2009	<u>205,000</u>	3.600%	<u>3,690</u>	<u>208,690</u>
	<u>\$ 405,000</u>		<u>\$ 22,010</u>	<u>\$ 427,010</u>

Schedule of Bond Indebtedness
Colfax Township Sewer System - Series 1988
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
3/1/2008		5.00%	\$ 375	\$ 375
9/1/2008	\$ 15,000	5.00%	375	15,375
	<u>\$ 15,000</u>		<u>\$ 750</u>	<u>\$ 15,750</u>

Schedule of Bond Indebtedness
Sebewaing M-25 Water and Sewer System - Dated June 1, 1989
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
3/1/2008		7.05%	\$ 7,110	\$ 7,110
9/1/2008	\$ 40,000	7.05%	7,110	47,110
3/1/2009		7.10%	5,700	5,700
9/1/2009	40,000	7.10%	5,700	45,700
3/1/2010		7.10%	4,280	4,280
9/1/2010	40,000	7.10%	4,280	44,280
3/1/2011		7.15%	2,860	2,860
9/1/2011	40,000	7.15%	2,860	42,860
3/1/2012		7.15%	1,430	1,430
9/1/2012	40,000	7.15%	1,430	41,430
	<u>\$ 200,000</u>		<u>\$ 42,760</u>	<u>\$ 242,760</u>

**Schedule of Bond Indebtedness
Sand Beach Township Water System
2005 Refunding Bonds
December 31, 2007**

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 135,000	3.00%	\$ 25,882	\$ 160,882
12/1/2008		3.00%	23,856	23,856
6/1/2009	130,000	3.50%	23,856	153,856
12/1/2009		3.50%	21,581	21,581
6/1/2010	130,000	3.50%	21,581	151,581
12/1/2010		3.50%	19,306	19,306
6/1/2011	130,000	3.75%	19,306	149,306
12/1/2011		3.75%	16,870	16,870
6/1/2012	130,000	3.75%	16,869	146,869
12/1/2012		3.75%	14,431	14,431
6/1/2013	125,000	3.88%	14,431	139,431
12/1/2013		3.88%	12,010	12,010
6/1/2014	125,000	3.70%	12,009	137,009
12/1/2014		3.70%	9,697	9,697
6/1/2015	125,000	3.80%	9,697	134,697
12/1/2015		3.80%	7,322	7,322
6/1/2016	125,000	3.88%	7,322	132,322
12/1/2016		3.88%	4,900	4,900
6/1/2017	125,000	4.00%	4,900	129,900
12/1/2017		4.00%	2,400	2,400
6/1/2018	120,000	4.00%	2,400	122,400
	<u>\$ 1,400,000</u>		<u>\$ 290,626</u>	<u>\$ 1,690,626</u>

Schedule of Bond Indebtedness
Bad Axe Water Supply and Sewage Disposal System - Series A
Dated December 1, 1996
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008		4.850%	\$ 37,700	\$ 37,700
12/1/2008	\$ 175,000	4.850%	37,700	212,700
6/1/2009		4.950%	33,456	33,456
12/1/2009	175,000	4.950%	33,456	208,456
6/1/2010		5.000%	29,125	29,125
12/1/2010	200,000	5.000%	29,125	229,125
6/1/2011		5.000%	24,125	24,125
12/1/2011	200,000	5.000%	24,125	224,125
6/1/2012		5.000%	19,125	19,125
12/1/2012	200,000	5.000%	19,125	219,125
6/1/2013		5.000%	14,125	14,125
12/1/2013	200,000	5.000%	14,125	214,125
6/1/2014		5.000%	9,125	9,125
12/1/2014	200,000	5.000%	9,125	209,125
6/1/2015		4.125%	4,125	4,125
12/1/2015	<u>200,000</u>	4.125%	<u>4,125</u>	<u>204,125</u>
	<u>\$ 1,550,000</u>		<u>\$ 341,812</u>	<u>\$ 1,891,812</u>

Huron County, Michigan**Schedule of Bond Indebtedness
Bad Axe Sewage Disposal System
Dated July 1, 2006
December 31, 2007**

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
4/1/2008	\$ 285,000	1.625%	\$ 53,227	\$ 338,227
10/1/2008		1.625%	51,031	51,031
4/1/2009	290,000	1.625%	51,031	341,031
10/1/2009		1.625%	48,675	48,675
4/1/2010	295,000	1.625%	48,675	343,675
10/1/2010		1.625%	46,278	46,278
4/1/2011	295,000	1.625%	46,278	341,278
10/1/2011		1.625%	43,881	43,881
4/1/2012	300,000	1.625%	43,881	343,881
10/1/2012		1.625%	41,444	41,444
4/1/2013	305,000	1.625%	41,444	346,444
10/1/2013		1.625%	38,966	38,966
4/1/2014	310,000	1.625%	38,966	348,966
10/1/2014		1.625%	36,447	36,447
4/1/2015	315,000	1.625%	36,447	351,447
10/1/2015		1.625%	33,888	33,888
4/1/2016	320,000	1.625%	33,888	353,888
10/1/2016		1.625%	31,288	31,288
4/1/2017	325,000	1.625%	31,288	356,288
10/1/2017		1.625%	28,647	28,647
4/1/2018	335,000	1.625%	28,647	363,647
10/1/2018		1.625%	25,925	25,925
4/1/2019	340,000	1.625%	25,925	365,925
10/1/2019		1.625%	23,163	23,163
4/1/2020	345,000	1.625%	23,163	368,163
10/1/2020		1.625%	20,360	20,360
4/1/2021	350,000	1.625%	20,360	370,360
10/1/2021		1.625%	17,516	17,516
4/1/2022	355,000	1.625%	17,516	372,516
10/1/2022		1.625%	14,631	14,631
4/1/2023	360,000	1.625%	14,631	374,631
10/1/2023		1.625%	11,706	11,706
4/1/2024	365,000	1.625%	11,706	376,706
10/1/2024		1.625%	8,741	8,741
4/1/2025	375,000	1.625%	8,741	383,741
10/1/2025		1.625%	5,694	5,694
4/1/2026	380,000	1.625%	5,694	385,694
10/1/2026		1.625%	2,606	2,606
4/1/2027	320,786	1.625%	2,606	323,392
	<u>\$ 6,565,786</u>		<u>\$ 1,115,001</u>	<u>\$ 7,680,787</u>

Schedule of Bond Indebtedness
Village of Elkton Water System Improvements Bond - Series 2003
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
4/1/2008		2.125%	\$ 6,656	\$ 6,656
10/1/2008	\$ 30,000	2.125%	6,656	36,656
4/1/2009		2.125%	6,337	6,337
10/1/2009	35,000	2.125%	6,337	41,337
4/1/2010		2.125%	5,965	5,965
10/1/2010	35,000	2.125%	5,965	40,965
4/1/2011		2.125%	5,593	5,593
10/1/2011	35,000	2.125%	5,593	40,593
4/1/2012		2.125%	5,221	5,221
10/1/2012	35,000	2.125%	5,221	40,221
4/1/2013		2.125%	4,849	4,849
10/1/2013	35,000	2.125%	4,849	39,849
4/1/2014		2.125%	4,478	4,478
10/1/2014	35,000	2.125%	4,478	39,478
4/1/2015		2.125%	4,106	4,106
10/1/2015	40,000	2.125%	4,106	44,106
4/1/2016		2.125%	3,681	3,681
10/1/2016	40,000	2.125%	3,681	43,681
4/1/2017		2.125%	3,256	3,256
10/1/2017	40,000	2.125%	3,256	43,256
4/1/2018		2.125%	2,831	2,831
10/1/2018	40,000	2.125%	2,831	42,831
4/1/2019		2.125%	2,406	2,406
10/1/2019	40,000	2.125%	2,406	42,406
4/1/2020		2.125%	1,981	1,981
10/1/2020	40,000	2.125%	1,981	41,981
4/1/2021		2.125%	1,556	1,556
10/1/2021	50,000	2.125%	1,556	51,556
4/1/2022		2.125%	1,024	1,024
10/1/2022	50,000	2.125%	1,024	51,024
4/1/2023		2.125%	493	493
10/1/2023	46,418	2.125%	493	46,911
	<u>\$ 626,418</u>		<u>\$ 120,866</u>	<u>\$ 747,284</u>

Schedule of Bond Indebtedness
Drain Notes Payable
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2008	\$ 273,442	\$ 34,047	\$ 307,489
2009	158,817	22,174	180,991
2010	99,117	13,912	113,029
2011	51,333	8,409	59,742
2012	51,333	5,582	56,915
2013 - 2017	48,900	7,680	56,580
2018 - 2022	12,300	767	13,067
	<u>\$ 695,242</u>	<u>\$ 92,571</u>	<u>\$ 787,813</u>

* Interest rates on notes issued for various drain projects range from 2.50% to 6.20%.

Schedule of Bond Indebtedness
Drain Bonds - Bad Axe Drain - Phase II
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 50,000	5.60%	\$ 12,975	\$ 62,975
12/1/2008		5.70%	11,550	11,550
6/1/2009	50,000	5.70%	11,550	61,550
12/1/2009		5.80%	10,100	10,100
6/1/2010	50,000	5.80%	10,100	60,100
12/1/2010		5.90%	8,625	8,625
6/1/2011	75,000	5.90%	8,625	83,625
12/1/2011		5.75%	6,469	6,469
6/1/2012	75,000	5.75%	6,469	81,469
12/1/2012		5.75%	4,313	4,313
6/1/2013	75,000	5.75%	4,312	79,312
12/1/2013		5.75%	2,156	2,156
6/1/2014	<u>75,000</u>	5.75%	<u>2,156</u>	<u>77,156</u>
	<u>\$ 450,000</u>		<u>\$ 99,400</u>	<u>\$ 549,400</u>

Schedule of Bond Indebtedness
Drain Bonds - Cramp Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 30,000	5.80%	\$ 1,755	\$ 31,755
12/1/2008		5.90%	885	885
6/1/2009	<u>30,000</u>	5.90%	<u>885</u>	<u>30,885</u>
	<u>\$ 60,000</u>		<u>\$ 3,525</u>	<u>\$ 63,525</u>

**Schedule of Bond Indebtedness
Drain Bonds - Todd Drain
December 31, 2007**

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 35,000	6.70%	\$ 3,570	\$ 38,570
12/1/2008		6.80%	2,398	2,398
6/1/2009	35,000	6.80%	2,397	37,397
12/1/2009		6.90%	1,208	1,208
6/1/2010	<u>35,000</u>	6.90%	<u>1,207</u>	<u>36,207</u>
	<u>\$ 105,000</u>		<u>\$ 10,780</u>	<u>\$ 115,780</u>

Schedule of Bond Indebtedness
Drain Bonds - Pitcher Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 35,000	5.00%	\$ 3,750	\$ 38,750
12/1/2008		5.00%	2,875	2,875
6/1/2009	40,000	5.00%	2,875	42,875
12/1/2009		5.00%	1,875	1,875
6/1/2010	35,000	5.00%	1,875	36,875
12/1/2010		5.00%	1,000	1,000
6/1/2011	40,000	5.00%	1,000	41,000
	<u>\$ 150,000</u>		<u>\$ 15,250</u>	<u>\$ 165,250</u>

Schedule of Bond Indebtedness
Drain Bonds - Allen Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 125,000	4.50%	\$ 12,375	\$ 137,375
12/1/2008		4.50%	9,563	9,563
6/1/2009	125,000	4.50%	9,562	134,562
12/1/2009		4.50%	6,750	6,750
6/1/2010	100,000	4.50%	6,750	106,750
12/1/2010		4.50%	4,500	4,500
6/1/2011	100,000	4.50%	4,500	104,500
12/1/2011		4.50%	2,250	2,250
6/1/2012	<u>100,000</u>	4.50%	<u>2,250</u>	<u>102,250</u>
	<u>\$ 550,000</u>		<u>\$ 58,500</u>	<u>\$ 608,500</u>

Schedule of Bond Indebtedness
Drain Bonds - Crumback Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 25,000	4.70%	\$ 3,403	\$ 28,403
12/1/2008		4.75%	2,815	2,815
6/1/2009	20,000	4.75%	2,815	22,815
12/1/2009		4.80%	2,340	2,340
6/1/2010	25,000	4.80%	2,340	27,340
12/1/2010		4.90%	1,740	1,740
6/1/2011	20,000	4.90%	1,740	21,740
12/1/2011		5.00%	1,250	1,250
6/1/2012	25,000	5.00%	1,250	26,250
12/1/2012		5.00%	625	625
6/1/2013	25,000	5.00%	625	25,625
	<u>\$ 140,000</u>		<u>\$ 20,943</u>	<u>\$ 160,943</u>

Schedule of Bond Indebtedness
Drain Bonds - Schram Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 70,000	4.70%	\$ 10,202	\$ 80,202
12/1/2008		4.75%	8,558	8,558
6/1/2009	70,000	4.75%	8,557	78,557
12/1/2009		4.80%	6,895	6,895
6/1/2010	70,000	4.80%	6,895	76,895
12/1/2010		4.90%	5,215	5,215
6/1/2011	70,000	4.90%	5,215	75,215
12/1/2011		5.00%	3,500	3,500
6/1/2012	70,000	5.00%	3,500	73,500
12/1/2012		5.00%	1,750	1,750
6/1/2013	<u>70,000</u>	<u>5.00%</u>	<u>1,750</u>	<u>71,750</u>
	<u>\$ 420,000</u>		<u>\$ 62,037</u>	<u>\$ 482,037</u>

Schedule of Bond Indebtedness
Drain Bonds - Bay Port Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 35,000	4.75%	\$ 9,381	\$ 44,381
12/1/2008		4.50%	8,550	8,550
6/1/2009	35,000	4.50%	8,550	43,550
12/1/2009		4.50%	7,763	7,763
6/1/2010	35,000	4.50%	7,762	42,762
12/1/2010		4.50%	6,975	6,975
6/1/2011	35,000	4.50%	6,975	41,975
12/1/2011		4.50%	6,188	6,188
6/1/2012	35,000	4.50%	6,187	41,187
12/1/2012		4.50%	5,400	5,400
6/1/2013	40,000	4.50%	5,400	45,400
12/1/2013		4.50%	4,500	4,500
6/1/2014	40,000	4.50%	4,500	44,500
12/1/2014		4.50%	3,600	3,600
6/1/2015	40,000	4.50%	3,600	43,600
12/1/2015		4.50%	2,700	2,700
6/1/2016	40,000	4.50%	2,700	42,700
12/1/2016		4.50%	1,800	1,800
6/1/2017	40,000	4.50%	1,800	41,800
12/1/2017		4.50%	900	900
6/1/2018	40,000	4.50%	900	40,900
	<u>\$ 415,000</u>		<u>\$ 106,131</u>	<u>\$ 521,131</u>

Schedule of Bond Indebtedness
Drain Bonds - Lincoln Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 35,000	5.15%	\$ 2,756	\$ 37,756
12/1/2008		5.25%	1,855	1,855
6/1/2009	35,000	5.25%	1,855	36,855
12/1/2009		5.35%	936	936
6/1/2010	<u>35,000</u>	5.35%	<u>937</u>	<u>35,937</u>
	<u>\$ 105,000</u>		<u>\$ 8,339</u>	<u>\$ 113,339</u>

Schedule of Bond Indebtedness
Drain Bonds - Shebeon Intercounty Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 225,000	5.45%	\$ 18,450	\$ 243,450
12/1/2008		5.45%	12,319	12,319
6/1/2009	225,000	5.45%	12,319	237,319
12/1/2009		5.50%	6,188	6,188
6/1/2010	<u>225,000</u>	5.50%	<u>6,187</u>	<u>231,187</u>
	<u>\$ 675,000</u>		<u>\$ 55,463</u>	<u>\$ 730,463</u>

Huron County, Michigan**Schedule of Bond Indebtedness
Drain Bonds - Harbor Beach Consolidated Drain
December 31, 2007**

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 50,000	4.80%	\$ 25,550	\$ 75,550
12/1/2008		4.85%	24,350	24,350
6/1/2009	75,000	4.85%	24,350	99,350
12/1/2009		4.90%	22,531	22,531
6/1/2010	75,000	4.90%	22,531	97,531
12/1/2010		5.00%	20,694	20,694
6/1/2011	75,000	5.00%	20,694	95,694
12/1/2011		5.10%	18,819	18,819
6/1/2012	75,000	5.10%	18,819	93,819
12/1/2012		5.20%	16,906	16,906
6/1/2013	75,000	5.20%	16,906	91,906
12/1/2013		5.30%	14,956	14,956
6/1/2014	75,000	5.30%	14,956	89,956
12/1/2014		5.35%	12,969	12,969
6/1/2015	75,000	5.35%	12,969	87,969
12/1/2015		5.40%	10,963	10,963
6/1/2016	75,000	5.40%	10,962	85,962
12/1/2016		5.50%	8,938	8,938
6/1/2017	75,000	5.50%	8,937	83,937
12/1/2017		5.50%	6,875	6,875
6/1/2018	75,000	5.50%	6,875	81,875
12/1/2018		5.50%	4,813	4,813
6/1/2019	75,000	5.50%	4,812	79,812
12/1/2019		5.50%	2,750	2,750
6/1/2020	100,000	5.50%	2,750	102,750
	<u>\$ 975,000</u>		<u>\$ 356,675</u>	<u>\$ 1,331,675</u>

Schedule of Bond Indebtedness
Drain Bonds - Beaubien Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 50,000	5.00%	\$ 5,075	\$ 55,075
12/1/2008		5.05%	3,825	3,825
6/1/2009	50,000	5.05%	3,825	53,825
12/1/2009		5.10%	2,563	2,563
6/1/2010	50,000	5.10%	2,562	52,562
12/1/2010		5.15%	1,288	1,288
6/1/2011	<u>50,000</u>	5.15%	<u>1,287</u>	<u>51,287</u>
	<u>\$ 200,000</u>		<u>\$ 20,425</u>	<u>\$ 220,425</u>

Schedule of Bond Indebtedness
Drain Bonds - Cameron Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 30,000	4.40%	\$ 4,799	\$ 34,799
12/1/2008		4.50%	4,139	4,139
6/1/2009	35,000	4.50%	4,139	39,139
12/1/2009		4.60%	3,351	3,351
6/1/2010	35,000	4.60%	3,351	38,351
12/1/2010		4.70%	2,546	2,546
6/1/2011	35,000	4.70%	2,546	37,546
12/1/2011		4.85%	1,724	1,724
6/1/2012	35,000	4.85%	1,724	36,724
12/1/2012		5.00%	875	875
6/1/2013	35,000	5.00%	875	35,875
	<u>\$ 205,000</u>		<u>\$ 30,069</u>	<u>\$ 235,069</u>

**Schedule of Bond Indebtedness
Drain Bonds - Taft Drain
December 31, 2007**

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 65,000	4.00%	\$ 7,160	\$ 72,160
12/1/2008		4.20%	5,860	5,860
6/1/2009	65,000	4.20%	5,860	70,860
12/1/2009		4.30%	4,495	4,495
6/1/2010	65,000	4.30%	4,495	69,495
12/1/2010		4.40%	3,098	3,098
6/1/2011	70,000	4.40%	3,097	73,097
12/1/2011		4.45%	1,558	1,558
6/1/2012	<u>70,000</u>	4.45%	<u>1,557</u>	<u>71,557</u>
	<u>\$ 335,000</u>		<u>\$ 37,180</u>	<u>\$ 372,180</u>

Schedule of Bond Indebtedness
Drain Bonds - Fillion Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 40,000	3.45%	\$ 7,590	\$ 47,590
12/1/2008		3.45%	6,900	6,900
6/1/2009	40,000	3.45%	6,900	46,900
12/1/2009		3.45%	6,210	6,210
6/1/2010	40,000	3.45%	6,210	46,210
12/1/2010		3.45%	5,520	5,520
6/1/2011	40,000	3.45%	5,520	45,520
12/1/2011		3.45%	4,830	4,830
6/1/2012	40,000	3.45%	4,830	44,830
12/1/2012		3.45%	4,140	4,140
6/1/2013	40,000	3.45%	4,140	44,140
12/1/2013		3.45%	3,450	3,450
6/1/2014	40,000	3.45%	3,450	43,450
12/1/2014		3.45%	2,760	2,760
6/1/2015	40,000	3.45%	2,760	42,760
12/1/2015		3.45%	2,070	2,070
6/1/2016	40,000	3.45%	2,070	42,070
12/1/2016		3.45%	1,380	1,380
6/1/2017	40,000	3.45%	1,380	41,380
12/1/2017		3.45%	690	690
6/1/2018	40,000	3.45%	690	40,690
	<u>\$ 440,000</u>		<u>\$ 83,490</u>	<u>\$ 523,490</u>

Schedule of Bond Indebtedness
Drain Bonds - Willow Creek Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 150,000	3.00%	\$ 34,075	\$ 184,075
12/1/2008		3.00%	31,825	31,825
6/1/2009	150,000	3.00%	31,825	181,825
12/1/2009		3.00%	29,575	29,575
6/1/2010	150,000	3.00%	29,575	179,575
12/1/2010		3.50%	27,325	27,325
6/1/2011	150,000	3.50%	27,325	177,325
12/1/2011		3.50%	24,700	24,700
6/1/2012	150,000	3.50%	24,700	174,700
12/1/2012		3.50%	22,075	22,075
6/1/2013	150,000	3.50%	22,075	172,075
12/1/2013		3.50%	19,450	19,450
6/1/2014	150,000	3.50%	19,450	169,450
12/1/2014		3.50%	16,825	16,825
6/1/2015	150,000	3.60%	16,825	166,825
12/1/2015		3.60%	14,125	14,125
6/1/2016	150,000	3.70%	14,125	164,125
12/1/2016		3.70%	11,350	11,350
6/1/2017	150,000	3.80%	11,350	161,350
12/1/2017		3.80%	8,500	8,500
6/1/2018	150,000	4.00%	8,500	158,500
12/1/2018		4.00%	5,500	5,500
6/1/2019	150,000	4.00%	5,500	155,500
12/1/2019		4.00%	2,500	2,500
6/1/2020	125,000	4.00%	2,500	127,500
	<u>\$ 1,925,000</u>		<u>\$ 461,575</u>	<u>\$ 2,386,575</u>

**Schedule of Bond Indebtedness
Drain Bonds - Cook Drain
December 31, 2007**

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 35,000	3.20%	\$ 6,772	\$ 41,772
12/1/2008		3.20%	6,213	6,213
6/1/2009	35,000	3.40%	6,213	41,213
12/1/2009		3.40%	5,618	5,618
6/1/2010	35,000	3.55%	5,618	40,618
12/1/2010		3.55%	4,996	4,996
6/1/2011	35,000	3.70%	4,996	39,996
12/1/2011		3.70%	4,349	4,349
6/1/2012	35,000	3.90%	4,349	39,349
12/1/2012		3.90%	3,666	3,666
6/1/2013	35,000	4.00%	3,666	38,666
12/1/2013		4.00%	2,966	2,966
6/1/2014	35,000	4.10%	2,966	37,966
12/1/2014		4.10%	2,249	2,249
6/1/2015	35,000	4.20%	2,249	37,249
12/1/2015		4.20%	1,514	1,514
6/1/2016	35,000	4.30%	1,513	36,513
12/1/2016		4.30%	761	761
6/1/2017	35,000	4.35%	761	35,761
	<u>\$ 350,000</u>		<u>\$ 71,435</u>	<u>\$ 421,435</u>

Schedule of Bond Indebtedness
Drain Bonds - Sebewaing River Intercounty Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 110,000	2.70%	\$ 12,870	\$ 122,870
12/1/2008		3.00%	11,385	11,385
6/1/2009	110,000	3.00%	11,385	121,385
12/1/2009		3.20%	9,735	9,735
6/1/2010	110,000	3.20%	9,735	119,735
12/1/2010		3.40%	7,975	7,975
6/1/2011	110,000	3.40%	7,975	117,975
12/1/2011		3.60%	6,105	6,105
6/1/2012	110,000	3.60%	6,105	116,105
12/1/2012		3.70%	4,125	4,125
6/1/2013	110,000	3.70%	4,125	114,125
12/1/2013		3.80%	2,090	2,090
6/1/2014	110,000	3.80%	2,090	112,090
	<u>\$ 770,000</u>		<u>\$ 95,700</u>	<u>\$ 865,700</u>

Schedule of Bond Indebtedness
Drain Bonds - Campau and Branches Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 45,000	3.70%	\$ 13,725	\$ 58,725
12/1/2008		3.75%	12,893	12,893
6/1/2009	45,000	3.75%	12,893	57,893
12/1/2009		3.80%	12,049	12,049
6/1/2010	45,000	3.80%	12,049	57,049
12/1/2010		3.85%	11,194	11,194
6/1/2011	45,000	3.85%	11,194	56,194
12/1/2011		3.90%	10,328	10,328
6/1/2012	45,000	3.90%	10,328	55,328
12/1/2012		4.00%	9,450	9,450
6/1/2013	50,000	4.00%	9,450	59,450
12/1/2013		4.05%	8,450	8,450
6/1/2014	50,000	4.05%	8,449	58,449
12/1/2014		4.10%	7,438	7,438
6/1/2015	50,000	4.10%	7,437	57,437
12/1/2015		4.15%	6,413	6,413
6/1/2016	50,000	4.15%	6,412	56,412
12/1/2016		4.20%	5,375	5,375
6/1/2017	50,000	4.20%	5,374	55,374
12/1/2017		4.25%	4,325	4,325
6/1/2018	50,000	4.25%	4,324	54,324
12/1/2018		4.30%	3,263	3,263
6/1/2019	50,000	4.30%	3,262	53,262
12/1/2019		4.35%	2,187	2,187
6/1/2020	50,000	4.35%	2,187	52,187
12/1/2020		4.40%	1,100	1,100
6/1/2021	50,000	4.40%	1,100	51,100
	<u>\$ 675,000</u>		<u>\$ 202,649</u>	<u>\$ 877,649</u>

Schedule of Bond Indebtedness
Drain Bonds - McMullen and Branches Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 75,000	3.90%	\$ 21,194	\$ 96,194
12/1/2008		3.95%	19,731	19,731
6/1/2009	75,000	3.95%	19,731	94,731
12/1/2009		4.00%	18,250	18,250
6/1/2010	75,000	4.00%	18,250	93,250
12/1/2010		4.05%	16,750	16,750
6/1/2011	75,000	4.05%	16,750	91,750
12/1/2011		4.10%	15,231	15,231
6/1/2012	75,000	4.10%	15,231	90,231
12/1/2012		4.15%	13,694	13,694
6/1/2013	75,000	4.15%	13,694	88,694
12/1/2013		4.20%	12,138	12,138
6/1/2014	75,000	4.20%	12,138	87,138
12/1/2014		4.25%	10,563	10,563
6/1/2015	75,000	4.25%	10,563	85,563
12/1/2015		4.30%	8,969	8,969
6/1/2016	75,000	4.30%	8,969	83,969
12/1/2016		4.40%	7,356	7,356
6/1/2017	75,000	4.40%	7,356	82,356
12/1/2017		4.50%	5,706	5,706
6/1/2018	75,000	4.50%	5,705	80,705
12/1/2018		4.55%	4,019	4,019
6/1/2019	75,000	4.55%	4,018	79,018
12/1/2019		4.60%	2,313	2,313
6/1/2020	50,000	4.60%	2,312	52,312
12/1/2020		4.65%	1,163	1,163
6/1/2021	50,000	4.65%	1,162	51,162
	<u>\$ 1,000,000</u>		<u>\$ 292,956</u>	<u>\$ 1,292,956</u>

Schedule of Bond Indebtedness
Drain Bonds - Symons and Branches Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 30,000	4.000%	\$ 9,366	\$ 39,366
12/1/2008		4.000%	8,766	8,766
6/1/2009	30,000	4.000%	8,766	38,766
12/1/2009		4.000%	8,166	8,166
6/1/2010	30,000	4.000%	8,166	38,166
12/1/2010		4.000%	7,566	7,566
6/1/2011	30,000	4.000%	7,565	37,565
12/1/2011		4.000%	6,966	6,966
6/1/2012	30,000	4.000%	6,966	36,966
12/1/2012		4.000%	6,366	6,366
6/1/2013	30,000	4.000%	6,365	36,365
12/1/2013		4.000%	5,766	5,766
6/1/2014	30,000	4.000%	5,765	35,765
12/1/2014		4.000%	5,166	5,166
6/1/2015	30,000	4.000%	5,165	35,165
12/1/2015		4.000%	4,566	4,566
6/1/2016	30,000	4.000%	4,565	34,565
12/1/2016		4.000%	3,966	3,966
6/1/2017	30,000	4.000%	3,965	33,965
12/1/2017		4.000%	3,366	3,366
6/1/2018	30,000	4.000%	3,365	33,365
12/1/2018		4.000%	2,766	2,766
6/1/2019	30,000	4.000%	2,765	32,765
12/1/2019		4.125%	2,166	2,166
6/1/2020	35,000	4.125%	2,165	37,165
12/1/2020		4.125%	1,444	1,444
6/1/2021	35,000	4.125%	1,443	36,443
12/1/2021		4.125%	722	722
6/1/2022	35,000	4.125%	722	35,722
	<u>\$ 465,000</u>		<u>\$ 144,872</u>	<u>\$ 609,872</u>

Schedule of Bond Indebtedness
Drain Bonds - Coleman and Branch Drain
December 31, 2007

<u>Maturity Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
6/1/2008	\$ 19,000	3.900%	\$ 9,488	\$ 28,488
6/1/2009	19,000	4.050%	12,100	31,100
6/1/2010	19,000	4.100%	11,330	30,330
6/1/2011	19,000	4.150%	10,551	29,551
6/1/2012	19,000	4.200%	9,763	28,763
6/1/2013	19,000	4.250%	8,965	27,965
6/1/2014	19,000	4.350%	8,157	27,157
6/1/2015	19,000	4.450%	7,330	26,330
6/1/2016	19,000	4.550%	6,485	25,485
6/1/2017	19,000	4.650%	5,620	24,620
6/1/2018	19,000	4.700%	4,737	23,737
6/1/2019	19,000	4.750%	3,844	22,844
6/1/2020	19,000	4.850%	2,941	21,941
6/1/2021	19,000	4.900%	2,020	21,020
6/1/2022	22,000	4.950%	1,089	23,089
	<u>\$ 288,000</u>		<u>\$ 104,420</u>	<u>\$ 392,420</u>

**HURON COUNTY
BAD AXE, MICHIGAN**

**SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2007**

Page Number

Single Audit Reports

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Huron County, Michigan

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Huron County, Michigan, as of and for the year ended December 31, 2007, which collectively comprise Huron County's basic financial statements and have issued our report thereon dated June 10, 2008. We did not audit the financial statements of the following funds and component units included in the financial statements of Huron County, Michigan:

<u>Funds/Component Units</u>	<u>Classification</u>	<u>Percentage of Government-wide Total Revenues and Other Sources</u>	<u>Percentage of Government-wide Total Assets</u>
Primary government:			
Airport and Parks Funds	Governmental activities	8.75%	30.47%
Huron Transit Funds	Business type activities	13.68%	9.81%
Discretely presented:			
Road Commission	Component units	65.96%	60.51%
Drain Funds	Component units	12.52%	30.32%

The financial statements for these funds and component units were audited by other auditors, whose reports thereon were furnished to us, and our opinions, insofar as it relates to the amounts included for the above-mentioned funds and component units, are based solely upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Huron County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Huron County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Huron County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Huron County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Huron County's financial statements that is more than inconsequential will not be prevented or detected by Huron County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Huron County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Huron County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and the reports of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Huron County in a separate letter dated June 10, 2008. Huron County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Huron County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the finance committee, management, the Huron County Board of Commissioners, the Michigan Department of Treasury and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hyzer, Hill, Kuzak & Co P.C.

June 10, 2008

HYZER, HILL, KUZAK & CO., P.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Commissioners
Huron County, Michigan

Compliance

We have audited the compliance of Huron County, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. Huron County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Huron County's management. Our responsibility is to express an opinion on Huron County's compliance based on our audit.

Huron County's basic financial statements include the operations of the Huron Transit, Road Commission and Airport, which received federal awards in the amount of \$2,411,617 which were not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2007. Our audit, described below, did not include the operations of these component units because other auditors were engaged by these entities to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Huron County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Huron County's compliance with those requirements.

In our opinion, Huron County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Huron County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Huron County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Huron County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program is more than inconsequential will not be prevented or detected by Huron County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Huron County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Our report and the report of the other auditors did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Huron County, Michigan, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 10, 2008. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise Huron County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

We did not audit the financial statements of the following funds and component units included in the financial statements of Huron County, Michigan:

<u>Funds/Component Units</u>	<u>Classification</u>	<u>Percentage of Government-wide Total Revenues and Other Sources</u>	<u>Percentage of Government-wide Total Assets</u>
Primary government:			
Airport and Parks Funds	Governmental activities	8.75%	30.47%
Huron Transit Funds	Business type activities	13.68%	9.81%
Discretely presented:			
Road Commission	Component units	65.96%	60.51%
Drain Funds	Component units	12.52%	30.32%

The financial statements for these funds and component units were audited by other auditors, whose reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and component units, is based solely upon the reports of the other auditors.

This report is intended solely for the information and use of the finance committee, management, the Huron County Board of Commissioners, the Michigan Department of Treasury and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007**

Federal Grantor/Program Name	CFDA#	Pass-through Agency	Year	Federal Expenditures
U.S. Dept. of Agriculture				
Special Supplemental Food Program for Women, Infant, Children	10.557	Michigan Dept. of Public Health	09/30/07	\$ 133,346
Thumb Area - Michigan Works	10.561	Thumb Area - Michigan Works	09/30/07	11
<i>U.S. Dept. of Agriculture total</i>				<u>133,357</u>
U.S. Dept of Housing and Urban Development				
Housing Rehabilitation	14.228	Mich State Housing Development Authority	09/30/07	<u>145,407</u>
<i>U.S. Dept. of Housing and Urban Development total</i>				<u>145,407</u>
U.S. Dept. of Labor				
Employment Services Funds	17.207	Thumb Area - Michigan Works	09/30/07	16,842
WIA Adult Program	17.258	Thumb Area - Michigan Works	09/30/07	10,963
WIA Youth Activities	17.259	Thumb Area - Michigan Works	09/30/07	3,502
WIA Dislocated Workers	17.260	Thumb Area - Michigan Works	09/30/07	5,285
Workforce Innovation in Regional Economic Development Initiative	17.261	Saginaw Valley State University	12/31/07	2,995
<i>U.S. Dept. of Labor total</i>				<u>39,587</u>
National Endowment for the Humanities				
Arts Regranting	45.025	Michigan Council for Arts and Cultural Affairs	12/31/07	<u>700</u>
<i>National Endowment for the Humanities total</i>				<u>700</u>
Small Business Administration				
Small Business Development Grant	59.037	Michigan SBDC	12/31/07	<u>12,000</u>
<i>Small Business Administration total</i>				<u>12,000</u>
Environmental Protection Agency				
Beach Monitoring Grant	66.472	State of Michigan	09/30/07	10,871
State Revolving Fund	66.458	State of Michigan	Various	969,970
Non-Community Water - Aresnic Rule Implementation	66.468	State of Michigan	09/30/07	350
Non-Community Water - Operator Certification	66.471	State of Michigan	09/30/07	3,400
<i>Environmental Protection Agency total</i>				<u>984,591</u>

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007
(Continued)**

Federal Grantor/Program Name	CFDA#	Pass-through Agency	Year	Federal Expenditures
U.S. Dept. of Health and Human Services				
Family Planning - Services				
Abstinence	93.217	Michigan Dept. of Public Health	09/30/07	\$ 41,931
Immunization Programs	93.235	Michigan Dept. of Public Health	09/30/07	39,959
Bioreterrorism	93.268	Michigan Dept. of Public Health	09/30/07	270,161
Pandemic flu	93.283	Michigan Dept. of Public Health	09/30/07	140,852
Chronic Disease and Health Prevention - Wise Woman Program	93.283	Michigan Dept. of Public Health	09/30/07	48,553
Chronic Disease and Health Prevention - Breast and Cervical Cancer	93.283	Michigan Dept. of Public Health	09/30/07	23,035
	93.283 total			134,130
				346,570
Temporary Assistance for Needy Families 0-3	93.558	Michigan Childrens Trust Fund	09/30/07	32,822
Temporary Assistance for Needy Families 0-3	93.558	Michigan Dept. of Public Health	09/30/07	3,076
Temporary Assistance for Needy Families	93.558	Thumb Area - Michigan Works	09/30/07	16,453
	93.558 total			52,351
IV-D Friend of the Court CRP-Child Support Enforcement	93.563	Michigan Family Independence Agency	09/30/06	1,041
IV-D Friend of the Court CRP-Child Support Enforcement	93.563	Michigan Family Independence Agency	09/30/07	197,510
IV-D Friend of the Court CRP-Child Support Incentive	93.563	Michigan Family Independence Agency	09/30/06	11,056
IV-D Friend of the Court CRP-Child Support Incentive	93.563	Michigan Family Independence Agency	09/30/07	29,276
IV-D Friend of the Court CRP-Child Support Incentive	93.563	Michigan Family Independence Agency	09/30/08	9,597
IV-D Prosecuting Attorney CRP-Child Support Enforcement	93.563	Michigan Family Independence Agency	09/30/07	26,903
	93.563 total			275,383
Medical Assistance Program- Case Management Services	93.778	Michigan Dept. of Public Health	09/30/07	48,315
Steps Up	93.912	Michigan Dept. of Public Health	09/30/07	15,375
Substance Abuse	93.959	Michigan Dept. of Public Health	09/30/07	48,086
Maternal & Child Health Svcs Block Grt - Immunizations	93.994	Michigan Dept. of Public Health	09/30/07	3,778
Maternal & Child Health Svcs Block Grt - Family Planning	93.994	Michigan Dept. of Public Health	09/30/07	9,176
Maternal & Child Health Svcs Block Grt - Maternal Infant Support	93.994	Michigan Dept. of Public Health	09/30/07	26,151
Maternal & Child Health Svcs Block Grt - CSHCS	93.994	Michigan Dept. of Public Health	09/30/07	11,073
	93.994 total			50,178
Strong Families/Safe Children	93.556	Michigan Dept. of Human Services	09/30/07	15,174
<i>U.S. Dept. of Health and Human Services total</i>				1,203,483

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007
(Continued)**

Federal Grantor/Program Name	CFDA#	Pass-through Agency	Year	Federal Expenditures
Department of Homeland Security				
2005 Homeland Security Grant Program - LETPP	97.067	Michigan State Police	09/30/07	\$ 2,090
2006 Homeland Security Grant Program	97.067	Michigan State Police	09/30/07	25,925
	97.067 total			28,015
Emergency Management Performance Grant	97.042	Michigan State Police	09/30/07	13,778
Marine Safety Program	97.012	Natural Resources	09/30/07	24,133
<i>Department of Homeland Security total</i>				65,926
Grand total				<u>\$2,585,051</u>

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Huron County were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Huron County, expresses an unqualified opinion.
6. The auditor's report disclosed no instances of findings relative to the major federal award programs.
7. The programs tested as major federal award programs included:

<u>Program</u>	<u>CFDA #</u>
State Revolving Fund	66.458
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Huron County did qualify as a low risk auditee.

B. Findings - Financial Statements AuditCriteria

Governments are required to establish internal controls over processing, recording and summarizing accounting data. As a result of these controls, the government should be able to prepare financial statements in accordance with GAAP.

Condition

The County has relied on its independent external auditors to assist in processing, recording and summarizing of certain financial data as part of its external reporting process. The external auditors cannot be considered a part of the County's internal control system.

Cause and Effect

The County believes that it is cost effective to rely on its external auditors to recommend these adjusting journal entries. Therefore, the County lacks internal control over the processing, recording and summarizing of accounting data.

County Views

County management has determined that it is in the County's best interest to rely on its external auditors to recommend adjustments of these types.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007
(Continued)**

C. Findings and Questioned Costs - Major Federal Award Programs Audit

There were no findings or questioned costs related to the major federal award programs for the year ended December 31, 2007.

D. Summary Schedule of Prior Audit Findings

No prior audit findings.

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Huron County and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Subrecipients

Huron County provided awards to subrecipients as presented below. These amounts are included in the federal expenditures in the schedule.

<u>Program Title</u>	<u>Amount Provided Federal CFDA #</u>	<u>To Subrecipient</u>
State Revolving Fund	66.458	\$ 969,970
Housing Rehabilitation	14.228	\$ 145,407

3. Reconciliation to financial statementsReconciliation to Financial Statements

Federal revenue reported in combined financials:

Governmental funds	\$ 1,935,418
Huron Transit - Proprietary funds	229,526
EDC - Discretely presented component unit	15,695
Road Commission - Discretely presented component unit	1,811,094
DPW - Discretely presented component unit	
Loan funds considered assistance	<u>969,970</u>

Subtotal	4,961,703
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Less funds in above data audited by other auditors:

Airport Fund	(370,997)
Huron Transit	(229,526)
Road Commission	<u>(1,811,094)</u>

Subtotal	(2,411,617)
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Plus 2007 grant proceeds received and expended by

Bay County, Michigan as fiduciary	25,375
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Plus 2007 federal expenditures recorded as 2008 revenues	<u>9,590</u>
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	<u>34,965</u>
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Federal revenue per Schedule of Expenditures of Federal Awards	<u><u>\$ 2,585,051</u></u>
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Bruce Hill
Donald Kuzak
Michael Doerr

June 10, 2008

Board of Commissioners
Huron County, Michigan
Bad Axe, MI 48413

In planning and performing our audit of the financial statements of Huron County, as of and for the year ended December 31, 2007, we considered the County's accounting, operational, and internal control procedures to determine the nature and extent of our audit testing for the purpose of expressing an opinion on the financial statements of the County and not to provide assurance on the procedures themselves.

We did however, during the course of our audit, become aware of certain matters that are opportunities for enhancing those procedures or controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated June 10, 2008 on the financial statements of Huron County.

We have already discussed these comments and suggestions with the Huron County personnel, and we will be pleased to discuss them in further detail at your convenience, and or to perform any additional studies of these matters, should you so desire.

Sincerely,



Hyzer, Hill, Kuzak & Co., P. C.

HURON COUNTY MANAGEMENT LETTER
DECEMBER 31, 2007

Budget Adjustments

We encourage the County to make their final budget amendments before the end of each fiscal year. Per the Michigan Department of Treasury Uniform Budget Manual, there is no authority to amend the budget after the year end. The Department Heads and Treasurer should work together to estimate as accurately as possible the revenue and expenditures that will be incurred during the latter part of the year.

Building Department Cash Receipts

We suggest that the Building Department integrate their cash receipts collection into their computer system. Currently, cash receipts are maintained on a manual ledger with no reconciliation to the permits issued from the computer.

Inventory of Assets

We suggest that the County perform an inventory of all assets owned annually. The County has the optical equipment to bar code and scan all assets into the software system. The maintenance department and other department heads should work together to get all assets tagged and accounted for.

Credit Card Receipt Policy

As some of the County offices are beginning to accept credit card payments, we suggest that a credit card receipt policy be created. Also, as more departments begin accepting credit card payments, it would be advantageous to all use the same vendor in an attempt to reduce fees to taxpayers.